Public Sector Restructuring in Namibia

Final report prepared by Herbert Jauch

for Public Services International, 30 January 2017

Table of Contents

Abbreviations

BLT	Build-Lease-Transfer
BOLT	Build-Own-Lease-Transfer
BOO	Build-Own-Operate
BOOT	Build-Own-Operate-Transfer
BOT	Build-Operate-Transfer
BTL	Build-Transfer-Lease
BoN	Bank of Namibia
CCEDP	Cabinet Committee on Economic Development and Parastatals
CEO	Chief Executive Officer
CGE	Central Governance Agency
DBFOT	Design-Build-Finance-Operate-Transfer
DBO	Design-Build-Operate
DRC	Democratic Resettlement Community
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
IMF	International Monetary Fund
ITC	Information and Telecommunication Technology
LaRRI	Labour Resource and Research Institute
MANWU	Metal and Allied Namibian Workers Union
MoF	Ministry of Finance
MPE	Ministry of Public Enterprises
MTI	Ministry of Trade and Industry
MUN	Mineworkers Union of Namibia
MVA	Motor Vehicle Accident Fund
MWTC	Ministry of Works, Transport and Communication
NAFWU	Namibian Farm Workers Union
NAPWU	Namibia Public Workers Union
NATAU	Namibia Transport and Allied Workers Union

NDP	National Development Plan
NGO	Non-Governmental Organisation
NIP	Namibia Institute of Pathology
NIPAM	Namibia Institute for Public Administration and Management
NSA	Namibia Statistics Agency
N$	Namibia Dollar
NUNW	National Union of Namibian Workers
NWR	Namibia Wildlife Resorts
PPP	Public-Private Partnership
PSEMAS	Public Service Employees Medical Aid Scheme
PSI	Public Services International
PSUN	Public Service Union of Namibia
RA	Roads Authority
RFA	Road Fund Administration
SADC	Southern African Development Community
SME	Small and Medium Enterprises
SMME	Small, Medium and Micro Enterprises
SOE	State Owned Enterprise
TESEF	Transformation Economic and Social Empowerment Framework
TIPEEG	Targeted Intervention Programme for Employment and Economic Growth
TNC	Transnational Corporation
UK	United Kingdom
UNAM	University of Namibia
WASCOM	Wages and Salaries Commission
WTO	World Trade Organisation

Executive Summary

The study examined public restructuring in Namibia since the late 1990s with particular focus on the impact on workers including employment conditions at the restructured public entities, collective bargaining and protection provided by labour laws and trade unions.

State Owned Enterprises

The initial restructuring process of the 1990s focused on improving efficiency and reducing the size of the civil service. Its key focus was on the creation and restructuring of State Owned Enterprises (SOEs) as part of a broader strategy of commercialisation and outsourcing. Commercialisation resulted in the creation of dozens of new SOEs and substantial increases in the price of services, including water, electricity, postage and telecommunication. In response, the National Union of Namibian Workers (NUNW) proposed in 2001 to create a single controlling board of stakeholders for SOEs to monitor and evaluate their operations and to safeguard affordable services.

Several SOEs have become examples of waste, incompetence and inefficiency. Although some SOEs were able to pay dividends, government expenditure on SOEs increased substantially over the years amounting to N$ 15.2 billion from 2001 - 2012. Government expected the “economic SOEs” to operate on business principles and envisaged their privatisation while SOEs of a “social nature” would be retained by government.

The SOE Governance Act of 2006 established an SOE Governance Council headed by the Prime Minister but despite interventions such as the SOE remuneration framework and attempts to improve efficiency and accountability, the Council failed to resolve the various SOE challenges. In 2015, the Ministry of Public Enterprises (MPE) was established and presented a blueprint for SOE governance in 2016. The country’s over 70 SOEs were placed in 3 categories, firstly commercial/economic SOEs; secondly non-commercial public and financial SOEs and thirdly extra-budgetary funds. SOEs in the first category fall directly under the MPE while the second category operates under the relevant line ministry and the third falls under the Ministry of Finance.

It remains to be seen if the new Ministry will be able to improve the performance of SOEs and avoid retrenchments. SOEs are expected to adhere to good governance and remuneration guidelines and the Ministry will deal with them on a case-by-case basis. Measures like mergers, reabsorption into line ministries, “diluted shareholding” (sale to the private sector), retrenchments and closure will be considered.

Civil Service

Namibia’s civil service now comprises of over 100 000 employees and expenditure to maintain it increased from N$ 7.8 billion in 2009 to N$ 22 billion in 2014 which was equivalent to 42% of total government expenditure. Inefficiencies in the civil service are widely acknowledged and government wants to improve service delivery through a performance-oriented and results-based work culture. It wants to cut costs on non-essential operational expenditure and put a cap on public sector wage increases.

Decentralisation was implemented in an inconsistent manner and led to the duplication of positions. A merger of ministries might have helped to cut costs but was regarded as "politically sensitive" and was thus not implemented. Outsourcing was a strategy pursued by some Ministries but the results were often poor and thus the Public Service Commission (PSC) prefers ministries to build their own capacities instead.

Outright retrenchments in the civil service are unlikely to occur in the near future due to the political repercussions of such a move but steps like the freezing of posts and early retirement are the likely strategies to reduce the public sector wage bill.

Public Private Partnerships

Public Private Partnerships (PPPs) are envisaged to become the main instrument of outsourcing to the private sector in the years to come. Namibia's PPP policy was approved by Cabinet in 2012 and published in 2014. It was driven mostly by the Ministry of Finance as well as the Ministry of Health. A PPP Bill was tabled in late 2016 to establish the legal framework for its implementation.

The International Monetary Fund (IMF) conducted the initial study on which Namibia's PPP approach is based. A private company was then appointed to review the legal and institutional framework and to develop a PPP framework for Namibia. The government hopes to harness the private sector's delivery capacity and wants to build socio-economic objectives into the PPP projects. It also wants to ensure the "fair treatment" of public employees and expects improved public service delivery as a result of PPP projects.

In essence, PPPs involve the transfer of a ministerial function to a private business and are thus a form of outsourcing. PPP projects target economic assets and related services, social assets and related services, municipal assets and related services as well as industrial infrastructure and related services. They are likely to become the key strategy for public sector restructuring in the years to come.

Various forms of PPPs are envisaged, coordinated by a PPP Committee to be established under the Ministry of Finance as the key decision-making body. PPPs can be initiated by "public entities" (ministries, SOEs, local and regional councils) and are likely to become the main vehicle for infrastructure development including transport, electricity, water, housing and ICT and may also include education and health.

Workers' concerns and possible union interventions

The early public sector restructuring with the creation of SOEs affected workers' job security over time and also resulted in the erosion of some benefits. When workers were shifted to SOEs, they were no longer covered by the national collective bargaining agreement as each SOE had to enter into a separate agreement with the union representing the majority of employees at the entity. Due to the divisions within Namibia's labour movement, this resulted in different unions representing workers at different SOEs. In some cases (for example Air Namibia), there are different unions representing different categories of staff within the same SOE.

There is a possibility of imminent retrenchments at some of the loss-making SOEs and there will be attempts to gradually reduce the size of the civil service. Trade unions will have to address these issues without adopting merely to defensive positions. Instead, they need to develop their own proposals how to ensure quality public services while safeguarding jobs and decent employment conditions. This will involve addressing broader issues such as wastage of resources, affordability of services and narrowing of wage gaps.

The PPP Bill makes no provision for trade union involvement in the initiation, implementation or monitoring of PPPs. Thus workers' concerns are unlikely to be given significant attention and trade unions need to engage lawmakers before the Bill is passed.

Namibia's Labour Act does not prevent employers (including the "public entities") from restructuring or retrenching staff. However, employers are required to negotiate with workers and their recognised trade unions regarding any changes in the conditions of employment. In the case of envisaged retrenchments and transfers, employers must negotiate with workers and their union about possible alternatives. This legal provision provides a least an opportunity for union intervention.

1. Introduction

Public sector restructuring commenced in Namibia in the late 1990s and focused on increasing “efficiency” and reducing the size of the civil service. At the time, Namibia’s civil service employed about 70,000 people and the former Prime Minister announced that the ideal size of the civil service would be around 30,000. A striking example of a restructuring exercise was the MWTC 2000 project which targeted the Ministry of Works, Transport and Communication. Most of the Ministry’s staff was transferred to 3 newly created state-owned enterprises and only a small group was retained in the civil service proper. Although this did not negatively affect the staff concern in the short run, it had serious repercussions for staff’s medium-term job security. Many ended-up becoming contract staff and lost the job security that the public service had offered.

In relation to its population of 2.3 million, Namibia has one of the largest civil services. By February 2013, the total number of civil servants stood at 97,535 and was expected to increase to 112,276 within the 2013-2014 financial year and to almost 130,000 thereafter. Personnel expenditure for the civil service increased from N$ 7.8 billion in 2009 to N$ 17 billion in 2013 and was expected to rise further to N$ 22 billion in 2014. This equals about 42 per cent of the expected total government revenue and thus several politicians and economists have repeatedly questioned not only the size of the civil service but also its efficiency in terms of service delivery (Jauch and Tjizera 2016).

The key focus of public sector restructuring has been placed on State-Owned Enterprises (SOEs). Namibia has over 70 SOEs and most of them are either regulatory or service-rendering with some being self-funding while others are entirely reliant on state funding. More than a decade ago, Namibia’s largest trade union federation, the National Union of Namibian Workers (NUNW) to which the Namibia Public Workers Union (NAPWU) is affiliated, proposed the establishment of a single controlling board for all SOEs consisting of representatives of all “social partners” to formulate policies to regulate SOE’s, and to monitor and evaluate service delivery and performance. The federation emphasised the importance of safeguarding affordable services for the poor. It pointed out that the impact of commercialisation has been very harsh for the poor. “We have seen that recently with Telecom Namibia which increased local calls by 80%. Namwater increases the water price by 20% each year and NamPost increase its rate by over 40% recently. This means that the services of these companies become unaffordable for the poor.” The NUNW thus proposed tariffs ceilings to be set by the overall controlling board according to the social goals (NUNW 2001).

The NUNW further proposed a system of cross-subsidisation from the wealthy to the poor at all SOEs involved in service delivery. It also suggested to group SOE’s into different categories according to the functions they perform and the services they provide. “This will enable the drafting of guiding policies for each group of SOEs in terms of regulation, performance monitoring and service delivery. This is essential for the controlling board to ensure maximum public benefits from SOEs”. Regarding management packages, the NUNW called for a review to make them sustainable: “Management packages need to be reduced while the management structures need to be streamlined… The packages need to be performance based and in line with the economic realities of our country” (ibid).

The union federation called for transparency and accountability as basic principles according to which SOEs should have to operate. Salary structures and financial reports of SOEs should be public documents and instead of seeing privatisation as the answer to the SOE challenges, the NUNW proposed “a thorough investigation to find out how the performance and efficiency of SOEs can be enhanced while retaining them under public ownership. Namibia cannot afford to leave socio-economic development to the market alone and we believe that it is government's responsibility to direct development in favour of the poor” (ibid).

It seems clear is that several of the key challenges of SOEs that were identified over the years have not been successfully addressed, and in some instances even seem to have become worse. SOE reforms today thus need to be tailored to address the specific problems while taking cognisance of the different roles and functions performed by different groups of SOEs. Those performing regulatory functions need to place emphasis on capacity and efficiency in their operations, including cost efficiency and the functioning of structures.

Those SOEs entrusted with delivering important services will have to be measured differently. They perform important developmental functions and should not be judged by commercial criteria only. Instead, “social efficiency” seems the more appropriate yard-stick, that is, the delivery of good quality services as cheaply as possible to make them affordable for all. In such cases, a subsidisation by government is not only justified but necessary. The enhancement of performance and efficiency as service-delivery SOEs can be enhanced while retaining them under public ownership. Privatising them would be tantamount to “throwing the baby out with the bath water” as private business operates on a profit motive which would *de facto* exclude the poor from receiving the services. A democratically elected government certainly has a developmental role to play and the provision of affordable services of good quality is part of that mandate.

In recent years, Public Services International (PSI) held various consultative meetings with NAPWU educators and shop stewards from across the country. These meetings revealed that public restructuring had serious implications for workers and also impacted on the accessibility of public services. While there was a general agreement around the general negative impact of restructuring, the union did not have a clear grasp of all the facts relating to this matter. The union had not carried out a proper research to enlighten them on the scope and the impact of restructuring regarding public sector workers and the provision of public services.

Namibia currently lacks accurate up-to-date information about the labour movement’s impact on policies related to public sector restructuring. There are signs of a lack of capacity to influence government policies which might account to some extent for the lack of resistance by the labour movement to such policies.

Aim of the study

Given this scenario, the PSI has endeavoured to support NAPWU in carrying out this study which aims to provide a report on the issue of public restructuring with special emphasis on how it affects workers in the public sector. This is meant to enable the PSI, NAPWU and civil society organisations to make decisions that best support the PSI Campaigns around issues of Decent Work and Quality Public Services. The findings are also expected to strengthen the union base by pointing to ways of retaining members who may otherwise be lost through public sector restructuring.

The study focused on the following key questions:

1. What has happened to jobs in the restructured entities?
2. Has public restructuring had any effects on pay and benefits to the affected workers?
3. Has public restructuring had any effects on the general conditions of employment?
4. What effect has public restructuring had on the issues of collective bargaining?
5. To what extent does the amended Labour Law provide protection to the workers in the precarious categories?

The objectives of the report are thus to:

1. Conduct a mapping of public entities that have been restructured between 2000 and 2015.
2. Analyse the status of Public-Private Partnerships (PPS) in Namibia and their potential impact on employment conditions
3. Investigate the extent of job losses as a result of public restructuring.
4. Measure to what extent precarious categories of workers (agency, contract and temporary) have increased post-restructuring.
5. Review and interpret the Labour Act of 2007 and the Labour Amendment Act of 2012 which regulates the practice of labour brokering and contract work in as far as it guarantees collective bargaining rights.
6. Investigate the level of understanding of the Law by the workers themselves.
7. Investigate the level of compliance with this Law by the employers.
8. Expose if any, ways in which employers may try to go round the provisions of this law.
9. Make recommendations for possible trade union interventions with regards to public sector restructuring and the decent work agenda in general.

2. Public sector restructuring in the 1990s

A comprehensive study carried out by the trade union-based Labour Resource and Research Institute (LaRRI) in 2000 pointed out that privatisation can take various forms. This section summarises the findings of the study. Defined narrowly, it entails the transfer of ownership from the state to private companies or individuals. However, it can also take the forms of outsourcing of functions to private companies, corporatisation and commercialisation of government departments, or public-private partnerships. In Namibia, outsourcing and commercialisation are the main forms of privatisation. The LaRRI report highlighted the likely implications of commercialisation as exemplified by the MWTC 2000 project, Namwater and Namibia Wildlife Resorts (NWR).

Although international experiences with privatisation have not been uniform, there is empirical evidence that a large number of jobs have been lost as a direct result of privatisation. The experiences of Zambia, Vietnam, the United Kingdom (UK), Argentina and Poland illustrate this point. Especially in developing countries, this often led to increasing poverty levels.

International experiences also suggest that conditions of service in privatised entities tend to be worse when trade unions are weak while conditions tend to be similar where unions are strong. However, privatised companies are usually under pressure to cut costs to become (or remain) profitable which is likely to lead to a downward pressure on working conditions. Contracting-out of functions breaks up bargaining units and may mean a loss of members for trade unions and a lack of protection for employees.

The impact of privatisation on service delivery is contested, with some sources claiming improved and more efficient delivery while others argue that the profit-driven nature of privatised service provision leads to increased prices for essential services, and to the downgrading of service standards for the poor. Empirical evidence suggests that prices for services do not necessarily increase immediately after privatisation but tend to increase substantially over time. In countries with widespread poverty, this usually means that certain services are no longer affordable for the poor.

Public accountability changes considerably in the process of commercialisation. Accountability of the service provider shifts towards the shareholder who expects a profit and resources are likely to be directed to where returns are the highest - rather than to where the need is the greatest. While government remains the sole shareholder, commercialised entities operate in the same way like private companies. They are geared towards financial performance rather than social targets like poverty alleviation, for example.

The privatisation of service provision is often marketed as "empowerment", and is said to provide business opportunities for historically disadvantaged entrepreneurs and small businesses. But such small businesses often do not have the capacity and institutional support to take full advantage of such opportunities, and end up cutting back on labour costs. Small businesses involved in labour intensive production often have a poor record when it comes to labour standards, tending to pay low wages and increasingly rely on casual workers because their profitability fluctuates as a result of low management capacity and lack of institutional support.

There is no doubt that Namibia's public sector is inefficient and in urgent need of restructuring. Several policy proposals regarding privatisation (which are meant to solve these problems) have already received Cabinet approval in the 1990s and include the Wage and Salary Commission (WASCOM) and the Outsourcing Policy of the Efficiency and Charter Unit in the Office of the Prime Minister. The policy proposals of the first National Development Plan, NDP 1, proposed that government should change its role of being a basic service provider and instead should allow the private sector to play more of a role in service provision. In outlining the future role of government, the NDP1 stated that:

- Government will continue to withdraw from activities that can be more effectively undertaken by the private sector;
- the ownership, management structure and pricing policies of existing parastatals should be reviewed;
- parastatals will become increasingly self-financing or more open to competition, or will be privatised altogether;
- the number of civil servants will be reduced;
- increasing use will be made of user charging to attain cost recovery (MWTC, 1998)

In 1995, the Wage and Salary Commission (WASCOM) recommended that government should deliver existing services within reduced budgets. Building on a 1994 Cabinet decision that "areas and functions within the public service need to be commercialised, privatised or deregulated", WASCOM recommended that such restructuring be done "as soon as administratively possible, subject to approval by Cabinet in each case" (Wage and Salary Commission Report, 1995:43). WASCOM further recommended that the process of commercialisation (evident in the establishment of Namwater, Namibia Wildlife Resorts, Airports Company etc) be accelerated, and steps should be taken towards privatising "some parastatals which have been around long enough to be privatised now" (Ibid).

Based on these policies and proposals, the Namibian government aimed reduce the size of the public service, to achieve improved efficiency and service delivery as well as an reduced need for subsidies to SOEs. One typical example of public sector restructuring in Namibia was the Ministry of Works, Transport and Communication (MWTC) which had about 10 500 employees at independence. The creation of commercialised SOEs (Telecom, NamPost, and TransNamib) resulted in a reduction of about 3000 employees by 1998. The MWTC 2000 project was then introduced to reduce the Ministry's staff to about 300 and to transfer all other employees to independent operational entities to carry out maintenance of roads, government buildings, gardens, stores, airports etc. Security and printing services were also outsourced. The new entities received government contracts for a period of 3 years and thereafter had to compete for government jobs through open tenders.

The key objectives of these proposals can be summarised as follows:

Downsizing the public service - This is perhaps the central objective as Government believes that the optimum size of the public service is 30 000, which means a reduction by 50%. Outsourcing and commercialisation are the principal strategies to attain downsizing. Compared to outright retrenchment, these strategies appear to be the least politically controversial, particularly in view of the fact that restructuring is not being directly associated with any privatisation drive, and employees are being transferred to new undertakings on similar terms and conditions of employment. In a sense, by transferring employees to new undertakings, Government is deferring the responsibility for downsizing to the commercialised entities (and their boards of directors).

Reduce fiscal deficits – It is widely believed that contracting out functions and activities to the newly established commercialised entities will help Government to reduce fiscal deficits.

Improving efficiency - This has grown out of the realisation that Government is not performing as well as it should. There is widespread concern that Government output (in terms of productivity and service delivery) does not justify the amount of (financial and human) resources which Government invests. Underlying this objective is the (neo-liberal) belief that organisations running on market-principles are inherently more efficient than government.

Improving service delivery - Evident in the Outsourcing Policy of Government is the belief that outsourcing and commercialisation will actually improve the delivery of government services. This is closely tied to the neo-liberal belief that the market is an efficient and effective allocator or resources, and that government should limit its role as service provider. However, such assumptions fail to account for the fact that when left to "the will of the market" resources and services tend to gravitate to those who can afford them, thereby failing the poor and necessitating a central role for Government in service delivery. This is particularly important in Namibia, which has huge socio-economic disparities in wealth and income, and a large proportion of the population with limited access to basic services.

In the 1990s, the debate on privatisation has been shaped largely by Government and is based on the commonly held perception that privatisation is not happening in Namibia. The processes of commercialisation and outsourcing (in the Public Service) and outsourcing and public-private partnerships (in the municipalities) are not seen to be an integral component of privatisation. The answer to the question "Is privatisation happening in Namibia?" will depend on how one defines privatisation. In the narrow sense (transfer of ownership to the private sector), privatisation has not yet started. But even if there is no direct transfer of ownership, this doesn't prevent private sector involvement in public sector activities and services. There were indications that a number of SOEs may be (partly or fully) privatised. This was especially the case with those SOEs, which are performing particularly badly (e.g. Air Namibia), where private sector involvement is expected to turn companies around and actually generate revenue for Government as a shareholder.

Even if privatisation (as transfer of ownership) doesn't take place in the immediate future, commercialisation and outsourcing, as well as the privatisation of service provision in the municipalities, represents a serious challenge for trade unions in several respects:

The changing organisation of work - In the public service, all activities are being divided along the lines of "core" and “non-core" with the view that all those classified as "non-core" will be outsourced, mostly to newly commercialised entities (e.g. Namibia Wildlife Resorts, Airports Company etc). These entities run on commercial principles, which means that their key focus will be on increasing outputs and decreasing operational (and labour) costs. As is the case with Namwater, these SOEs may engage in cost-accounting methods to assess efficiency within individual units and if a unit is deemed to be inefficient, its functions may be outsourced to private companies. This may result in retrenchment.

A similar restructuring process is happening within municipalities, also with the division into “core” and “non-core” functions. “Non-core” services (like security, cleaning, refuse removal, parks and gardens etc) are being outsourced (through tendering) to private firms or small, medium and micro enterprises (SMMEs) (in the name of economic empowerment). This privatisation of municipal service provision may represent a major setback, not only for workers who may lose their jobs, but also for poor communities who may face increased user charges and a loss of accountability. This is especially the case where private companies operate concessions and become responsible for collecting rates and tariffs. Partnerships between transnational corporations (TNCs) and municipalities are just commencing in Namibia, with the first contract between Swakopmund municipality and a German water and sanitation multinational.

Terms and conditions – To date, workers who have been transferred from the Public Service to commercialised SOEs have not suffered any decrease in their terms and conditions of employment. Worrying though, in the case of the Public Service, is the fact that no grace period has been negotiated. This may mean that workers will be faced with job insecurity if the commercialised entities start resorting to more widespread use of casual labour in order to reduce costs.

Collective bargaining - Workers who have been transferred from the Public Service to new undertakings find themselves no longer protected by collective bargaining agreements. Trade unions once again need to prove their majority representation in order to be recognised as exclusive bargaining agent. This can often prove to be a tedious and time-consuming process, especially when a rival union is active in the new undertaking. Workers might even find themselves represented by a different union.

Namibian **trade unions** have given some qualified support to the process of commercialisation but they remain opposed to privatisation. As the government is coming under increasing pressure to fully privatise several SOEs, trade unions will have to show alternative ways of increasing efficiency in the civil service and SOEs without having to resort to privatisation and retrenchments. A sober analysis of the problems experienced at the different entities should form the basis of debate on public sector restructuring without presenting privatisation as the only alternative.

Namibian unions will have to develop and intensify links with other labour and community organisations in the Southern African Development Community (SADC) region and beyond in an attempt to develop viable policy alternatives. At national level, trade unions need to form strategic alliances with community–based organisations and NGOs (whose constituencies also rely on the affordable delivery of essential goods and services). Jointly they will have to present proposals how to promote job creation, job security, fair employment conditions and the efficient delivery of services through the restructuring of Namibia’s public sector.

Privatisation of basic services? The case of water

Another LaRRI study of 2004 has shown that the privatisation of basic services, such as water provision, are a threat to low income earners and the poor in general. The installation of the prepayment water system in the poorest areas impacts negatively on the communities concerned. The report argued that the prepayment water system is hostile to the public health and negatively affects the social and environmental conditions of the poorest sections of society, exposing the most vulnerable people to preventable diseases and death. The prepayment system implemented in the Democratic Resettlement Community (DRC) settlement outside Swakopmund has been directly associated with the injury and death of several people when fires erupted in their makeshift houses. The prepaid meters also do not allow for negotiations in cases of emergency.

The report further argues that the commercialisation of water services also contributes directly to the further impoverishment of working class communities:

“The exorbitant prices often force people to choose between paying for school fees, food, clothing, or water. It has been aptly named the ‘new apartheid’, for it privileges the rich and harms the poor and is widely regarded as a form of economic apartheid. Above all this policy illustrates the social disparities that persist in modern Namibia. The rich and privileged are able to consume as much as they please, while the poor are deprived of even the minimum water required for their sustenance.

The withdrawal of state subsidies on water services and the application of the so-called ‘cost-recovery measures’ has affected the entire country and thrown the local government authorities into a financial and political crisis. The withdrawal of subsidies on household water provision simultaneously demonstrates the new path undertaken by government in its attempt to redefine its ‘core functions.’ Increasingly government is reneging on its responsibility for the provision of basic services and subjecting these services to the dictates of the market. The provision of water becomes a source of profit and is no longer regarded by government as its social responsibility. Private firms are taking over these functions to the detriment of public accountability.

The extensive water cut-offs being enforced throughout the country are hostile to the needs of the communities concerned. It impacts negatively on public health, escalates the cost of providing health services and unnecessarily burdens the health sector. It also undermines the general hygiene and exposes the poor to preventable diseases. At the same time it amplifies the possibility of epidemic outbreaks. The eviction of working class families and pensioners due to unpaid (or un-payable) water bills effectively undermines the housing policy and in many cases force people to move into shacks. This policy has in many instances been directly identified as a continuation of colonial practices of land dispossession. The policy of water cut-offs and evictions over water bills is in essence an inhumane and unacceptable method of recovering debt that is reversing some of the social progress made in Namibia. The aggressive cost-recovery policy represents an attack on the welfare gains made by the oppressed people in their struggle for decent living conditions.

In several instances we have seen that schools and hospitals are shut down due to water cut-offs. This directly negates the efforts of the Ministries concerned, such as education, health and social services, housing etc. Yet the very same Ministries are all represented on the Namwater Board that decides on tariffs and measures of enforcement, such as total water cut-offs. The representatives of these very same Ministries are ordering the suspension of services to institutions, such as schools and hospitals that fall within the ambit of their own responsibility. They are suspending access to water to schools, clinics and hospitals over bills that have not been paid by their own Ministries! The constitutionality and legality of these aggressive cost-recovery measures are yet to be tested before a competent court.

The water tariffs applied by the Namwater monopoly are presently determined on a one-sided basis by the political authorities in government and their financial advisers. The yearly tariff increases are put to cabinet by means of a secret submission. This is generally done behind the back and at the expense of the general public, which as a rule is excluded from the determination of water prices and services. The question of what is ‘affordable’ is therefore a highly contentious and potentially explosive issue that cannot be decided in isolation of the socio-economic conditions of the population as a whole.

The legislation governing the operations of the Namwater monopoly suffers from a series of deficiencies. It makes no provision for any institution responsible for the regulation of the quality and quantity of water distributed and the protection of water resources and cycle. There is no effective institution combatting the pollution of water resources and no clear regulatory legislative framework to prevent pollution and to punish the perpetrators. This conspicuous absence of a sound legal framework to prevent pollution of water resources presents a great danger to society as a whole. There is no institution tasked with monitoring and preventing ecological disasters resulting from the depletion and pollution of the national water resources.

Namwater has been implicated directly in several instances of inefficiency and corruption. A great deal of secrecy surrounds the contracts with transnational water corporations. The water company is run with public funds, yet there is little transparency in the operations of the Namwater monopoly. The conditions of secrecy and non-transparency that characterise Namwater’s operations provide fertile grounds for the growth of corruption and theft.

The application of market-related prices and debts on water services to rural and communal areas, through the so-called Community Based Management is further exacerbating the levels of poverty and deprivation among the rural people. Water tariffs on rural water supply were only introduced in 2000. These measures of commodification are placing basic water services beyond the reach of the poorest people in the rural areas. In many instances where water services are cut and pipelines closed the policy of cost-recovery artificially creates the conditions of drought. This further contributes to impoverishment of the rural population and encourages their steady urbanisation, as increasingly the rural poor are unable to subsist on farming activities or to secure enough water even for drinking purposes, due to the water scarcity created by the process of privatisation. Urbanisation becomes inevitable under these conditions and in turn places added pressure on the water resources of the urban centres.

Water privatisation is being used as the crucial lever to liberalise the agricultural sector and open it up to global competition. The liberalisation of agriculture implies a correlating shift towards the production of 'cash crops' and a move away from the production of maize and away from the policy of national food self-sufficiency. This economic shift towards an export-oriented policy, (‘virtual water’) and the erosion of local grain production will effectively subject the national food requirements to the fluctuations of food prices on the world market. The withdrawal of subsidies on water to grain producing farmers is one of the key measures through which this strategic shift towards ‘cash crops’ is being effected. In this report we have argued for a regional strategy of food self-sufficiency.

The existing water regime, as determined by the 1956 Water Act, is inherently discriminatory and deficient as it confers the rights to the use of water solely on the owner of the land on which the water rises or falls. The unequal distribution of land impacts directly on the ability of dispossessed rural and urban communities to access water resources. Private landowners are able to exploit and deplete water sources without regard to the general public. Over and above the requirements of commercial enterprise, the trend is for fresh water to be bottled and sold on the local and international market, at the expense of the local people who cannot afford the exorbitant prices of bottled water. The land question and the Riparian Rights Principle clearly privilege the predominantly white land-owning class and is hostile to the needs of the population as a whole given the current status quo. Most of the arable land is in private hands, particularly the water-rich areas that were acquired by often violent and dubious means during the epoch of direct colonial rule.

The arrival of the giant water companies represents a new era in the delivery of water services. These companies operate on a profit basis and turn water into a commodity for sale on the market. Water is no longer regarded as a public good held in common, but as a crucial source of profit and private property, now known as the ‘blue gold.’ These private firms are systematically taking over the provision of water and wastewater services in many countries throughout the world, including Namibia and are doing so to the ultimate detriment of the public sector and the interest of the public in general. The profits are expatriated and not ploughed back into the country. The foreign water companies are doing this with the full consent and co-operation of governments. The terms of the private water contracts are highly secretive and generally not open to public scrutiny. The pressure on government to allow the private firms to operate the water services on a profit-basis is effected through the ‘conditionalities’ imposed on loans from the major financial institutions of the world, who often require water privatisation as a condition for disbursing loans. The financiers demand the entry of private corporations through the so-called Public–Private Partnerships, which essentially involves the privatisation of basic services. The World Bank, International Monetary Fund and the European Investment Bank have been particularly vehement in this regard.

This conditionality on water privatisation allows the global financial and industrial powers to have a great deal of leverage over national economic policy. As this study has shown, the measures of full cost-recovery and commodification of water are detrimental to the local population. The centrality of water to all forms of social production means that these global powers are able to exercise a great deal of influence on the allocation and prioritisation of water resources. By bringing the water resources under their control, the global banks and transnational industries are able to determine the direction of economic development of countries like Namibia.

Privatisation thus implies also a loss of political control and sovereign power; the ability of communities to hold their political representatives accountable for the actions and policies of private firms that have taken over the delivery of basic services will be diminished. Trade agreements with private firms are covered not only by national law, but by international agreements that override national laws. Failure to uphold the privatisation contracts signed by the present government can result in sanctions being imposed on any government (present or future) that withdraws from these trade agreements. In trade negotiations at the World Trade Organisation (WTO), the question of trade in services is uppermost on the agenda. The General Agreement on Trade in Services (GATS) makes it very difficult, if not impossible for those countries that have privatised public services to withdraw from the contracts. The process of globalisation and the liberalisation of the trade in services effectively subjects the economies, particularly of poorer countries, to various commercial pressures. These pressures are aimed at opening up the local markets to global competition and penetration. The treaties and agreements signed at international level supersede national laws and cannot easily be rescinded.

The emerging community and labour movements fighting against privatisation and against the withdrawal of basic services throughout Namibia are essential to reverse the current trend. Such struggles are themselves increasingly globalised as community and labour movements throughout the world are connecting up in solidarity to begin to challenge the destructive logic of privatisation and the system of global capitalism as a whole. The various community movements and labour organisations are presently still fighting partial and isolated struggles: for water and sanitation services, for the protection of their environment, for decent and rewarding work, for the protection of the natural and social environment, for land and water rights. It is the coming together of these various struggles in solidarity that presents a real challenge to the system. All these forces are in essence up against the dominant tendencies of the current form of globalisation, yet the struggles at a local level remain largely divided. Though these struggles generally originate from the local conditions and despite the fact that the participants may not always recognise their inter-connectedness, they represent the building blocks for a movement that will challenge the fundamental inequalities brought about by capitalist globalisation. It is in this context that the struggles of workers and communities against water privatisation have to be understood as part of a global struggle for a better world" (LaRRI 2004: 126-130).

The report thus made the following recommendations:

1. "Access to water should be regarded as a fundamental and inalienable right, and the right of every human being, regardless of their socio-economic status, to have access to clean drinking water should be protected by legislative and institutional guarantees.

2. A thoroughgoing assessment should be undertaken to establish the correlation between the privatisation of water services and disease prevalence.

3. The provision of basic water services, including urban and rural water supply should be re-incorporated into the public sector as a core function of government, operated on a non-profit and transparent basis.

4. A free minimum lifeline of household water supply (commensurate with the requirements of health, hygiene and culture) should be implemented to safeguard the interests of indigent families, children and pensioners.

5. A publicly accountable institution tasked with the regulation and determination of water quality, quantity and tariffs should be established. A transparent system of community participation in the determination of water tariffs should be implemented to safeguard the people and their resources from excessive exploitation.

6. Subsidies for the provision of basic water services to the poor should be prioritised.

7. The policy of water cut-offs and the system of prepayment for water services (self-disconnection) should be withdrawn and declared illegal." (ibid: 131)

3. Namibia's civil service

In relation to its small population of 2.3 million, Namibia has one of the largest civil services. As mentioned above, by February 2013, the total number of civil servants stood at 97,535 and was expected to increase to 112,276 within the 2013-2014 financial year and to 129,560 thereafter. These increases in the size of the civil service contradict the proposals of the Wages and Salaries Commission (WASCOM) of 1996 which recommended a smaller but better paid, more professional and more efficient public service (The Namibian, 26 February 2014).

Personnel expenditure for the civil service increased from N$ 7.8 billion in 2009 to N$ 17 billion in 2013 and was expected to rise further to N$ 22 billion in 2014. This equals about 42 per cent of the expected total government revenue and thus the former Minister of Finance, Saara Kuugongelwa-Amadhila described the public wage bill as a "growing concern" while other politicians have repeatedly questioned not only the size of the civil service but also its efficiency in terms of service delivery.

Joseph Diescho, the former executive director of the Namibia Institute for Public Administration and Management (NIPAM) provided some insights into the dynamics that hamper Namibia's public service efficiency. He outlined that after 12 years of independence, the Namibian government realised "that the public service was predicated upon the wrong business model and was not fit for purpose". Government realised that there were 3 categories of public servants in Namibia: The first category consists of those who served in the colonial administration and were schooled "in the world of white supremacy and black subservience". However, Diescho argued that they created a "foundation for a bureaucracy that can work" (New Era, 13 May 2014).

The second category "comprises former freedom fighters, real or imagined". They sacrificed for the independence of Namibia but did not get the opportunity to acquire the skills required to run the public service but had to get senior positions due to political considerations. They were joined by some people who joined liberation politics after independence largely due to career considerations. Diescho argues that this group does a great dis-service to the Namibian government and the country's citizens (loc.cit).

The third category consists of a growing number of young Namibians who are entering the public sector with qualifications from tertiary institutions and as a career of choice. "They constantly face a brick wall from their older white supervisors, who loath to be challenged with new ways of doing things on the one hand, and by the freedom fighters who shut the new professionals up with the question: where were you during the struggle, on the other" (loc. cit.).

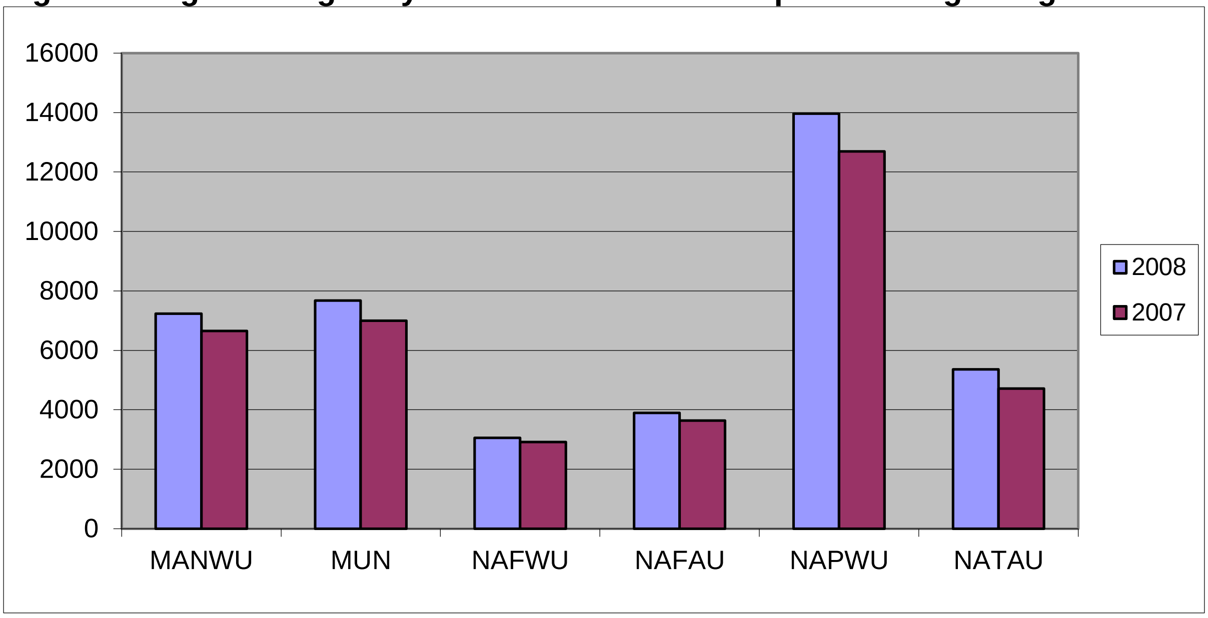
In terms of remuneration and benefits, civil servants are regarded as a relatively privileged group of employees as they tend to enjoy better conditions of employment than their counterparts in the private sector. However, data on wages and benefits are hardly available and the wage database system that LaRRI established was unfortunately closed in 2010. One of the last reports that emanated from this database compared the highest wages within the bargaining unit represented by different industrial unions. Table 1 and figure 1 below show that NAPWU members at the upper end of the bargaining unit earned substantially more than workers in other unions.

Table 1: Highest wage in bargaining unit by trade union

Union	2008	2007	Nominal wage increase (%)	Real wage increase (%)
MANWU	7230.78	6652.06	8.70	-3.50
MUN	7678.20	6996.09	9.75	-2.45
NAFWU (without sectoral agreement)	3061.32	2915.55	5	-7.20
NAFAU	3900.86	3634.46	7.33	-4.87
NAPWU	13965.94	12696.31	10	-2.20
NATAU (without security industry)	5364.22	4715.80	13.75	1.55
Total	**6866.88**	**6268.38**	**9.08**	**-3.11**

Source: LaRRI 2009

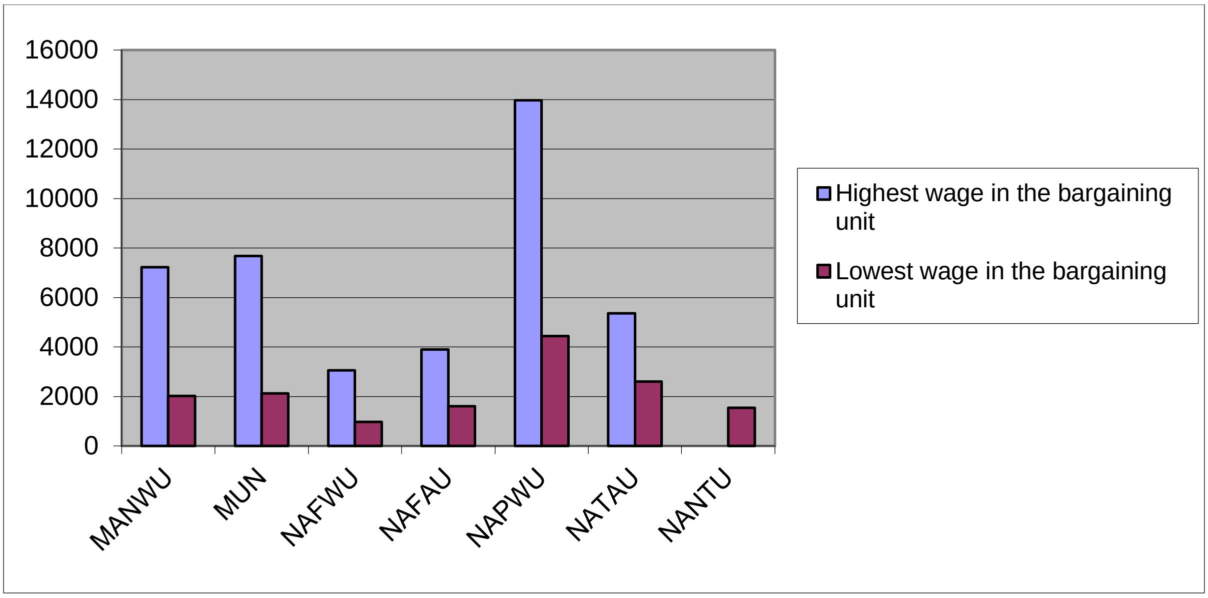
Figure 1: Highest wages by trade union in their respective bargaining units



Source: LaRRI 2009

Figure 2 reflects the highest and lowest wages in the bargaining unit and confirms that NAPWU members enjoy better conditions of employment than union members in the private sector.

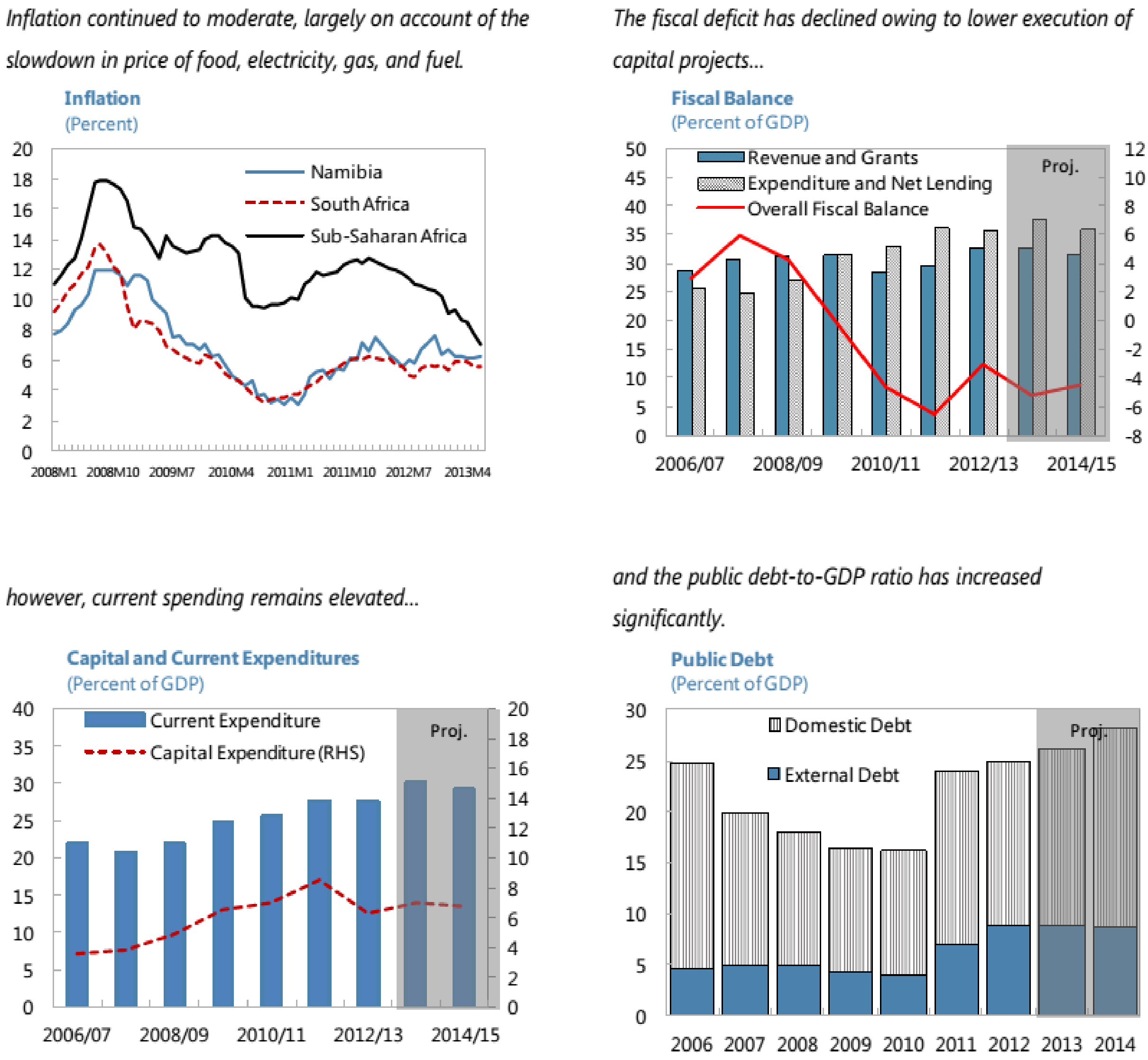
Figure 2: Highest and lowest wages in the respective bargaining units – 2008



Indications are, however, that it will be increasingly difficult for NAPWU and other public sector unions to maintain the standards of living of their members in the years to come. Current expenditure has consistently increased over the years while capital expenditure peaked in 2011/2012 as a result of the public investments in the TIPEEG programme discussed below. The introduction of that programme has reversed the trend of declining public debt from 2006 – 2010 and resulted in significant increases, especially in domestic debt rates as shown in figure 2. In the 2015-16 financial year, Namibia's budget deficit stood at 6% of the GDP while the total debt stock had increased from N$ 35.95 billion in 2014/15 to N$ 59.79 billion by the end of 2015/16. This equalled 37% of Namibia's GDP and thus exceeded that national cap of 35%. Overall, government debt grew from N$ 12.1 billion in January 2010 to N$ 62.1 billion in June 2016 (Namibian, 11 August 2016). Thus the Ministry of Finance announced that it would aim to bring the public debt back to within the threshold level (Schlettwein 2016: 19).

Although the bulk of Namibia's debt is owed locally, the depreciation of the South African Rand and thus the Namibia Dollar during 2015 has resulted in increased debt servicing costs. Interest payments on foreign loans increased from N$ 2.52 billion in 2014/15 to N$ 3.13 billion in 2015/16. The Finance Ministry indicated that one of its key aims is to reduce the budget deficit within what it termed the "fiscal consolidation framework" (Ibid: 10).

Figure 3: Inflation, Fiscal Balance, Expenditures and Public Debt 2006 – 2014



Source: Namibian authorities and IMF staff estimates as cited in IMF (2014: 8).

In his budget speech on 25 February 2016, Namibia's Minister of Finance indicated that one of the 4 priority areas of the national budget is to achieve a "timely, reliable and affordable quality service delivery to the nation" (Schlettwein 2016: 4) and that priority will be given "to increased delivery of public services through a performance-oriented and results-based work culture" (ibid: 9). This will entail a reform of public enterprises (parastatals) to ensure good governance, internal efficiency and an effective provision of goods and services. It also entails a performance-driven work culture at all levels of public service delivery (loc.cit.).

The Finance Minister also announced that education, health and social protection were strengthened in the budget but that costs would have to be cut on "non-essential operational expenditure" such as materials and supplies, subsistence travel, overtime, furniture, office equipment and vehicles. He further confirmed government's concern over the growth in remuneration expenditure and warned that recurrent expenditure should not be funded at the expense of public investments to improve the productive capacity of the economy. He thus announced government's proposal to cap public sector wage increases to a maximum of the annual inflation rate and that the size of the civil service should not be increased beyond its current size (ibid: 11, 21, 22).

Cabinet has made 11 recommendations how to reduce the public wage bill which consumes over a third of the national budget. One of the proposals is to reduce the early retirement age from 55 to 50 years by making early retirement more attractive. Other proposals are:

- To set a limit on the creation of new posts
- To upgrade the human capital management system to avoid "ghost workers"
- To streamline and rationalise the multiplicity of bonuses and other allowances
- To strengthen control over excessive domestic and foreign travel and overtime work as currently about N$ 1 billion per year are spent on these items
- To investigate other modes of providing medical aid to public service staff members
- To reduce the appointment of consultants and temporary workers (New Era, 8 February 2016)

The chairperson of the Public Service Commission (PSC), Markus Kampungu, explained that government's decentralisation policy was initially meant to decentralise human resources and finance and thus to reduce the central administration. However, the policy was implemented in an inconsistent manner, was not well understood and led to numerous duplications and to an increase in the size of the civil service. The Ministry of Education, for example, now has 14 regional directorates while the control over education remained with the national centre in Windhoek. This is unsustainable in the long run and has severe implications for the budget (interview, 27 July 2016).

Government is currently looking at the various options outlined above as well as some structural changes to avoid an overlap of functions. However, there is no consensus in government yet as to how big the civil service should be. An idea mooted in the past was to cap the wage bill by a 2% increase per year but this would have required a merger of structures such as Ministries which was regarded as "politically sensitive". Thus the idea was dropped again (ibid).

Increased outsourcing which is already happening at some Ministries could be a possibility but Ministries have to apply for permission from the PSC first. The PSC is sceptical about outsourcing as the solution to a lack of capacity and thus encourages Ministries to rather build their own capacity and place strict time limits on outsourcing. The PSC regards outsourcing as a cost-driver and permission to outsource is only granted on condition of monitoring and reporting with clear time limits. Furthermore, the employment conditions at an outsourced unit must be equivalent to the relevant grade in the public service (ibid).

Public-Private Partnerships (PPPs) is an idea that is currently promoted by the Ministries of Finance as well as Health and Social Services. Other ministries might also consider this option in future. The Ministry of Finance set up a division on PPPs but the PSC remains cautious as the cost factor might exclude the poor from PPP benefits. Thus the improvement of public services might be a better option (ibid).

4. State-Owned Enterprises

In recent years, State-Owned Enterprises (SOEs) have consistently made headlines – mostly for all the wrong reasons. The Namibia Airports Company retrenched its staff against the explicit advice of the Ministry of Labour, paying retrenchment packages of about N$30 million and then re-hired them, sometimes at lower rates. At the same time, it reportedly paid over N$ 5 million to a consultant for 3 months' work without board approval (The Namibian, 23 March, 10 April and 7 August 2012). The Namibia Wildlife Resorts (NWR) company stands at the brink of collapse and accumulated huge debts while paying its 6 senior managers jointly over N$ 7 million a year and its board members large sitting fees. It also paid millions of dollars for renovations that were not done but the most astonishing move was that NWR paid its former managing director about N$ 5 million when he resigned (The Namibian, 21 May, 20 June and 26 June 2012).

Other headlines include that the Roads Authority (RA) owes contractors over N$ 47 million and that the National Housing Enterprise is violating its mandate of providing affordable houses for the needy (The Namibian, 3 April and 21 June 2012). More examples could be added but the overall the Namibian government has transferred N$ 15.2 billion to SOEs between 2001 and 2012. The largest beneficiaries were Air Namibia, the University of Namibia (UNAM), NamPower, the Polytechnic of Namibia and the Development Bank of Namibia (New Era, 14 June 2012).

There is little doubt that the operations and structures of SOEs have to be reformed to achieve the desired outcomes. The question is rather which changes should be made and how?

As mentioned in section 2 above, the first phase of Namibia's SOE restructuring has taken the form of commercialisation and contracting-out (i.e. the privatisation of service provision), although the sale of state assets and utilities was also envisaged as a future option. Contrary to popular perception, the private sector is not necessarily queuing up to buy up all the assets which governments are willing to sell. As observed by Oestman (1994:18), the private sector carefully assesses the opportunities for profit-making before buying state utilities. Hence profitable enterprises such as telecommunications tend to get fully sold off, while less profitable SOEs tend to be subject to "public-private partnerships" with the state retaining ownership while entering into some kind of service contract with a private company. Also, because privatisation is sometimes in contradiction with the national development goals of governments, they may be reluctant to completely sell off strategic utilities (like water and energy), and may instead choose to enter partnership arrangements with the private sector.

The performance of several SOEs in Namibia suggests that they are in crisis, spend too much on inflated management packages and perform poorly. This has led to calls for privatisation and downsizing. However, while this might relieve the Ministry of Finance, it will not necessarily improve service delivery, especially to the poor. In fact the opposite may happen. While one of the key (stated) objectives of privatisation is to improve service delivery, privatisation (and related downsizing and price increases) often worsens the plight of the poor. Given the high levels of unemployment, poverty and inequality in Namibia, any attempts to restructure the SOEs must ensure that basic services remain accessible to the poor. This aim cannot be sacrificed for commercial considerations.

Namibia Wildlife Resorts (NWR) provides a telling example of SOE reform. The transfer of the management of resorts from the Environment and Tourism to the NWR grew out of the concern that the resorts were not being well run. The NWR was set up to run on a complete cost-recovery basis but received a working capital grant of N$ 20 million from government for initial capitalisation. The NWR was expected to be a profitable company and to generate dividends for government.

A further example of Namibia's commercialisation policy is the creation of the Namibia Water Corporation (Namwater) which was established as a wholly-owned government corporation following restructuring in the Ministry of Agriculture. Namwater took over the activities and services of the Department of Water Affairs (within the Ministry of Agriculture). The rationale behind its establishment in 1997 was to save the government money with the key tasks being to manage the country's water resources, to provide bulk water supply to customers, to provide facilities and lease rights, and to operate, manage and maintain the country's bulk water works. As mentioned above, shortly after Namwater was launched, the company announced that it would increase the price of bulkwater by up to 20% annually for the coming 5 years. As a result, municipalities increased their tariffs to consumers accordingly resulting in large price increases for this basic commodity.

Namibia aimed to move towards less government interference in the operational decision-making of SOEs. Commercialisation meant that SOEs should be run on business principles rather than political principles. However, government continuously had to subsidise and bail-out SOEs, even some of those who were supposedly run on business principles like Air Namibia. Government expenditure on SOEs has increased over the past few years, from N$102.4 million in 1993 to almost N$ 500 million in 1997, reaching N$ N$ 2.8 billion in 2011-2012 (New Era, 14 June 2012). On the other hand, some SOEs like Namwater, NamPost and Telecom Namibia were able to pay small moderate dividends to government for the first time in 2001. Thus some SOEs were partially successful in cutting costs and achieving profitability but SOEs also need to be evaluated in terms of broader socio-economic terms such as employment and prices for services.

Namibia’s commercialisation policy has resulted in large price increases at several SOEs, including Namwater, NWR, Telecom and Nampost. Consumer groups have questioned the managerial capacity of SOEs as many seem to water resources instead of delivering affordable services. The SOEs with the highest financial returns are those operating in (state-maintained) monopolistic or near-monopolistic environments. SOEs in this category include NamPost, Namport, Nampower and Telecom (LaRRI 2002).

Although not all SOEs are expected to show a high rate of return on investment due to their developmental role (for example educational institutions), some of the more commercially oriented SOEs have clearly failed and incurred massive debts. These include Air Namibia and TransNamib.

One group that has already emerged as direct beneficiary from the commercialisation process are the managers at SOEs. Their salary and benefit packages are far higher than those offered in the civil service and at most private companies and are thus way above "market-related" remuneration. About 15 years ago, the Namibian government wanted to introduce performance-related contracts for SOE managers to link the (economic) performance of the company to the packages that the managers will be able to earn (Interview with H. Angula, cited in LaRRI 2002). This, however, has not happened.

The report on the SOE governance policy framework

At the end of October 2001, a “Report on the Governance Policy Framework for State-Owned Enterprises in Namibia” was presented to Cabinet by the Cabinet Committee on Economic Development and Parastatals (CCEDP). The report was prepared with assistance from Deloitte&Touche consultants and follows the logic of the market and paves the way for increased privatisation of SOEs.

The report reviewed SOE governance in Namibia and set out the proposed new framework for future governance of SOEs. The institution to oversee, regulate, monitor and restructure SOEs are the SOE Governance Council (SOEGC) which is meant to act as the representative of the state and report to the cabinet committee. Furthermore, a Divestiture Sub-Committee was envisaged to implement the government's intended divestiture programme (sale of assets). A Central Governance Agency (CGA) was proposed to be established within the Ministry of Finance to support the SOEGC and "to carry out pro-active governance initiatives on a day-to-day basis". The CGA’s role was envisaged as monitoring and assessing SOE performance and advising the SOEGC on governance interventions required (GRN 2001).

The report categorised Namibian SOEs into “Regulatory SOEs” such as the Bank of Namibia, the Diamond Board, Meat Board etc. and “Service-Rendering SOEs” such as Namwater, Telecom and the Namibia Development Corporation (NDC). The service-rendering SOEs were further sub-divided into “potentially self-funding” (like Namwater, Telecom, TransNamib) and partially self-funding (like the NDC). The report stated that the “potentially self-funding SOEs are the most likely candidates for privates sector participation” (GRN 2001). In other words, the provision of water, sanitation, electricity transport and telecommunication were meant to be (partly) privatised in the near future while SOEs that can only partly cover their costs (like the NDC and institutions of higher education) were likely to remain under government control. The former chairperson of the Cabinet Subcommittee on Public Sector Restructuring, Helmut Angula, said that “we recommend that money-making SOEs and those with the potential to make money should be opened for private sector participation. Also those who operate as a monopoly should be opened to other potential owners…SOEs of a social nature are not candidates for privatisation, e.g. the university and polytechnic. They will remain with the government under all circumstances because they have no potential of making money” (Quoted in LaRRI 2002).

The SOE Governance Act

Most SOEs are either regulatory or service-rendering with some being self-funding while others are entirely reliant on state funding. They are governed by the State-Owned Enterprise Governance Act (No 2 of 2006). This Act established an SOE

Governance Council, which is headed by the Prime Minister and has the Ministries of Finance, Trade and Industry, the Attorney General and the Director-General of the National Planning Commission as members. The Council has wide powers to determine common broad-based policies for all SOEs on corporate governance, investments as well as remuneration of CEOs, senior managers and board members. It is also responsible for developing mechanism to monitor their performance, to facilitate training for board members and managers on corporate governance and efficient management practices. The Council can lay down directives for SOE boards and managers. The Act further requires performance agreements to be entered into between the responsible Minister and the individual board members. SOEs are to be grouped into four broad categories, namely regulatory enterprises, service-rendering enterprises, economic and productive enterprises and general enterprises (Republic of Namibia 2006; The Villager, 16-22 July 2012). In August 2011, the SOE remuneration framework was gazetted to guide government and SOES when drawing up contracts (The Villager, 16-22 July 2012). Thus the legal framework for SOE reforms has been established but changes were slow. The required changes should have included:

- A gradual but systematic reduction of management packages and the introduction of a transparent performance-based remuneration system. The practice of rewarding incompetent managers with huge remuneration packages and multi-million dollar severance pay is not only unjust but creates the impression that non-performance is actually rewarded.

- SOE managers and board members alike need to be chosen carefully, based on skills, performance and competence. They also need to be held to accountable for their action as government cannot be expected to just bail them out when they drive SOEs into ruin and still reward themselves handsomely in the process.

- In addition, SOE board members seem to be in need of governance training to effectively perform their oversight functions and to direct management without interfering in the day-to-day operations.

- SOEs need to be strictly monitored to avoid conflicts of interests and corruption. The recent case of the Namibia Airports Company (NAC) has shown how mismanagement and highly dubious practices have resulted in severe hardships for employees while a consultant was given more than N$ 5 million for about 3 months' work. This seems to have taken place without formal board approval and thus raises questions about vested interests involved (Jauch 2012).

In 2014, the former Prime Minister (now President), Hage Geingob, signed performance management agreements with the SOE CEOs and a private consultant was contracted to review SOE CEO wage brackets, and even proposed performance review mechanisms. "Seeing as SOEs continue to receive taxpayer-funded bail-outs, it is in the interest of transparency and accountability that the SOE CEO performance agreements be made public, as well as the report by the consultant proposing the new salary tier. Public consultation must follow. Overpaid SOE CEOs is a factor which adds to Namibia's income inequality thereby providing a skewed picture of the country in terms of its upper middle income status" (http://intelliconn.wordpress.com/2014/06/27/daily-comment-state-owned-enterprise-ceo-salary-tiers/).

In July 2014, Geingob mooted the idea that the SOE Governance Council should become the Ministry of Public Enterprises to ensure that SOEs are held accountable for their actions. The PM argued that SOEs were still characterised by resource wastage, bankruptcies and boardroom infighting and that the multiple layers of authority and communication makes it difficult for the current SOE Governance Council to perform its functions effectively (The Namibian, 10 July 2014). In essence, SOEs were governed by a "dual governance model" where the responsibility for monitoring and governing SOEs was shared between portfolio ministries on the Governance Council, chaired by the Prime Minister (New Era, 22 July 2016).

Upon being sworn in as Namibia's President in March 2015, Geingob promptly established the Ministry of Public Enterprises (MPE) to deal with the country's SOEs. In July 2016, the Minister, Leon Jooste, presented a new "blueprint" for governing public enterprises, known as the "Hybrid Governance Model for Namibia Public Enterprises". It proposes to classify SOEs in terms of 3 categories, namely commercial/economic public enterprises, non-commercial public enterprises and financial institutions and extra-budgetary funds (New Era, 22 July 2016). Commercial SOE are defined as "wholly or partly–owned or controlled by the state, guided by market principles, to provide a product or render a service in the best interest of the public, and have the potential to generate sustainable profit". These include Air Namibia, Epangelo Mining, the Meat Corporation of Namibia, the Namibia Airports Company, Namibia Post and Telecommunication Holdings, Namibia Power Corporation, Namibia Wildlife Resorts, National Fishing Corporation, National petroleum Corporation of Namibia, the Namibia Industrial Development Agency, the Roads Authority, the Roads Contractor Company, TransNamib Holdings as well as the Zambezi, Luderitz and Henties Bay Waterfront projects (Namibian, 22 July 2016).

These commercial/economic SOEs will fall under the Ministry of Public Enterprises while non-commercial enterprises such as the Namibia Broadcasting Corporation (NBC), the Namibia Statistics Agency (NSA), the Namibia Press Agency (NAMPA), the University of Namibia (UNAM) etc. will fall under the relevant line ministries. Financial institutions such as the SME bank as well as extra-budgetary funds such as the Road Fund Administration (RFA) and the Motor Vehicle Accident Fund (MVA) will resort under the Ministry of Finance. According to the Minister, this is regarded as the most suitable governance structure after 16 months of research, benchmarking and consultations. All SOEs are expected to adhere to common principles such as good corporate governance, reporting and remuneration guidelines as issued by the MPE (New Era, 22 July 2016).

The MPE will be responsible for supervising at least 18 strategic profit-driven SOEs which deal with electricity, road construction, petroleum, information technology, telecommunications and transport (The Namibian, 22 July 2016) As part of its oversight functions, the MPE will appoint the board of directors of commercial SOEs, introduce governance and performance agreements, review business and financial plans, approve budgets, issue remuneration directives for boards and management, commission special investigations when necessary and approve restructuring. "A performance management system will be implemented to optimise accountability and transparency", the Minister announced. Line ministries on the other hand will retain full control of industrial/sectoral policy formulation as well as sector legislation and regulation (New Era, 22 July 2016).

The Minister announced that the new governance structure will be implemented in 2016 without escalating the overall costs. The anticipated benefits will be centralised monitoring, cost-effectiveness, consistent oversight, better communication, the removal of conflicts of interest, reduced reporting layers and better accountability (The Namibian, 22 July 2016).

During an interview, Leon Jooste, the Minister of Public Enterprises confirmed that government realised the failure of the dual governance model as practised in the era of the SOE governance council. Various factors contributed to the failure such as the choice of a poor governance model (first decentralisation, then dual governance) as well as a lack of capacity and skills within the council. Also, the shareholder lacked the skills to understand the complexities of running SOEs (interview, 10 August 2016).

The Ministry of Public Enterprises will now deal with SOEs on a case-by-case basis and explore various options to make them self-sustainable, including mergers, reabsorption into government ministries, "diluted shareholding" (private sector participation) and in very difficult cases even retrenchments and closure. Several SOEs are currently over-staffed, for example TransNamib which has 1500 employees of whom 1000 have no job description. Voluntary retrenchments and early retirement will be options in such cases (ibid).

The Ministry is cautious about subcontracting as "each additional layer comes at a cost". There are various examples how subcontracting has escalated costs and SOEs were created to provide a specific function or service. The Minister is aware that the reason for the existence of SOEs is to provide a service that cannot be provided by the private sector. However, Public-Private Partnerships (PPPs) – as discussed in the next section - are a likely option for SOEs and will be implemented soon with the enabling legislation to be tabled in Parliament soon (ibid).

5. Public-Private Partnerships (PPPs)

The Ministry of Trade and Industry has developed a PPP policy which was approved by Cabinet in 2012 and published in 2014. As this policy seems hardly known within the Namibian labour movement, it is outlined in detail in this section. The policy states that "the Government of Namibia proposes to evolve a strong PPP Policy for Namibia so as to deliver to its citizens the required levels of infrastructure and services. Recognizing the importance of leveraging PPP as an instrument for achieving its social objectives (such as black empowerment, increased employment for the historically disadvantaged, encouraging managerial and entrepreneurial capability in the local population, stimulating small and medium enterprises, achieving economic equality through the 'Transformation Economic and Social Empowerment Framework'). The Government wants to focus on PPP as a means *to deliver improved services and better value for money through appropriate risk transfer, innovation, asset utilisation and integrated project-life management, underpinned by private financing*. Following the initial study by IMF and recommendations thereon CRISIL Risk and Infrastructure Solutions Limited were appointed in 2010 by the Ministry of Trade and Industry to undertake a comprehensive review of the legal and institutional framework in Namibia, and, thereafter, evolve a conducive policy and institutional framework for PPPs" (MTI 2014: 7).

Furthermore, the Namibian government believes that "PPPs offer many advantages by enabling Governments to leverage on private sector project delivery capacity and risk taking ability by making payment contingent on infrastructure/service delivery and also enable Government to build its socio-economic objectives into the design and evaluation of PPP projects. However, the contingent risks arising out of entering into PPPs need to be noted and addressed through the establishment of a formal PPP Framework and a specialist PPP Unit with appropriate skills and expertise. The PPP Policy also proposes to develop PPP Regulations for Namibia to govern Government's partnership with the private sector.

The PPP Policy proposes the establishment of a PPP Committee and PPP Unit under the Ministry of Finance empowered with the capacity and knowledge to determine whether PPP is the most appropriate procurement option available to government and, if this is determined to be the case, to assist the Line Agencies to transact the project. Line Agencies would cover all National, Regional and Local authorities, departments and entities charged with the mandate to deliver departmental and government's services that can benefit from partnership with the private sector. The PPP Committee and Unit will report to the Government on the performance of parties against the PPP Policy" (ibid: 7-8).

Interestingly, the document notes that "Government will retain responsibility of delivering core services (though this will be determined on a jurisdictional basis) and PPP proposals will offer fair treatment of public employees and best support of the government's economic agenda". However, the "determination of core and non-core services will occur on a project-to-project basis. Innovation in PPP models will be encouraged, transparency and fairness will be held paramount and it will be underlined that the processes for delivering PPP project should be able to reflect experience and the changing environment in which the project is financed, constructed, and delivered. Government is committed to monitoring, reviewing and refining, from time to time, the PPP Policy and Regulation” (ibid: 8).

Government expects the National PPP Policy to “provide a consistent framework that will enable public and private sectors to work together to develop projects and improve public service delivery through private sector provision of public infrastructure, other projects and related services. The Policy is the first part of the PPP Framework and will form the basis for the development of the remaining components of the PPP Framework which includes the PPP Regulation, institutional arrangements, legal/regulatory framework and implementing guidelines” (loc cit.).

The policy document outlines the objectives of the PPP Policy will be to “encourage private sector investment, encourage innovation, ensure rigorous oversight and governance, provide the principles, framework and guiding procedures to assist agencies in applying PPPs, identify responsibility centres and enunciate accountability, achieve capacity development and skills transfer, encourage service delivery, poverty reduction, employment creation and inequality reduction” These objectives are supposed “to be woven into the PPP project design and evaluation” (loc. cit.).

The key principles of the envisaged PPPs are:

- value for money
- public interest considerations,
- competitive pressure focusing on quality and price considerations,
- transparency and accountability,
- appropriate and balanced risk allocation,
- affordability, and
- output orientation. (ibid: 9)

Regarding the scope and coverage, “the policy will apply to PPP arrangements that will be primarily related to projects involving a transfer of a ministerial function to the private party or creation of an asset that will help a ministry perform better or offer enhanced services and which will involve private investment. Such PPP projects will include economic assets and related services (roads, rail, ports, airports, power, communication, tourism infrastructure and amenities); social assets and related services (health care, education, accommodation, public housing, court and correctional facilities); municipal assets and related services (water supply, sanitation, garbage collection, sewage disposal, water treatment plants, municipal markets, rural roads, bus stations); and industrial infrastructure and related services (R&D centres, common laboratory and testing facilities for industries, and industrial parks). Related services may be ministerial support services or core services, the determination of which will occur on a project to project basis at the early planning stages of each infrastructure project. As per the Policy, PPP will primarily apply to projects above the threshold level of N$ 10 million though projects below N$ 10 million may also be considered provided they can be sufficiently justified through the value for money drivers. The Policy will apply to the central government as well as to the regional and local authorities; however, application of the Policy to State Owned Enterprises (SOEs) will be determined by individual jurisdictions” (loc. cit.). This indicates that PPPs are likely to become a key instrument for national and local government agencies as well as SOEs in the years to come. Unions in the public sector and their members will be directly affected.

Government’s definition of a PPP is based on “three essential elements” namely a contractual arrangement, substantial risk transfer, and outcome-based financial rewards to the private sector”. A PPP is defined “as a medium to long term contractual relationship between the public sector and other private partners in the sharing and transferring of risks and rewards and in the provision of infrastructure and/or services in the performance of a Government function”. Thus the principal features of a PPP will include the “provision of a service that will involve the creation or use of an asset involving private sector participation, a contribution by government through for instance land, capital works, risk sharing, revenue diversion, purchase of the agreed services or other supporting mechanism; and the private sector receiving payments from government and/or through user charges or third party revenues that will be contingent on the private sector’s performance in supplying the related services or facilities” (ibid: 9-10)

Government pins high hopes on this approach as “PPPs draw upon the best available skills, knowledge and resources, bring down infrastructure expenditure, generate efficiencies and cost-effectiveness in the delivery of infrastructure and related services through innovative and specialist expertise, and thereby deliver value for money”. The identification of PPP projects will occur at two levels, namely:

1. “At the initial stage when the Project Officer conceptualises a project, PPP will be considered as a procurement option where threshold values are met and where value for money drivers exists in the form of sufficient scale and long term nature, complex risk profile and opportunity for risk transfer, full integration, under the responsibility of one party ensuring ‘whole-of-life costing’, innovation in meeting service specifications, measurable outputs, asset utilization reducing costs to government, better integration of design, construction and operational requirements, competitive process arising out of a competitive market; and

2. At the feasibility stage, PPP will be considered as a procurement option where the Value for Money can be established by the transaction advisor” (ibid: 10).

The forms of PPP that the policy recommends “include Service Contract; Management Contract; Management Contract (with rehabilitation/ expansion); Lease, Build Lease Transfer (BLT) or Build-Own-Lease-Transfer (BOLT); Build-Transfer-Lease (BTL); Area Concessions; Design-build-operate (DBO); Build-operate-transfer (BOT)/ Design-Build-Finance-Operate-Transfer (DBFOT); Build-operate-transfer (BOT) Annuity; Build-own-operate-transfer (BOOT) or DBOOT; Build-own-operate (BOO). However, further variations on each form and blends of forms are possible and will be considered” (Loc. cit.).

Government expects PPP projects to become the engine to achieve social and economic objectives such as “employment creation, pro-poor development, inequality reduction, development of Small and Medium Enterprises and in particular Transformation Economic and Social Empowerment Framework (TESEF). These considerations will be included during project conceptualization and design, feasibility study, value assessment, bid document preparation and tender stage followed by close monitoring of outcomes during contract management phase. The evaluation criteria for all PPP projects will set a 10% preferential score for TESEF SME and other National Objectives in the Request for proposal as part of the Quality cum cost Based Selection scoring. Each PPP Project will identify and set a TESEF score card with targets for the private party towards ensuring equity-ownership, management and employment, and subcontracting. Where the required project skills are not available among the designated groups, the conditions may be relaxed with provision of sufficient training to enable stronger participation over the life of the PPP Project “ (ibid 11).

The Namibian government promises to adopt a pro-poor approach in the design of PPP projects by focusing “on the needs of the lower income and historically disadvantaged groups with the PPP planning and service delivery process approached from a pro-poor perspective. In addition to employment creation, capacity building and economic participation, the pro-poor approach will also relate to infrastructure and service provisioning and removing of service constraints and will be achieved in one or combination of the following ways: Output Based Aid (OBA) contracts where financing from international and donor agencies is structured so as to benefit the target group; Designing low cost mechanisms for providing service, pricing structures that encourage customer payment, low-cost financing for system extension and other contract mechanism relevant to the specific characteristic of the target population; Designing the service level, technology and construction standards appropriately but low cost and in line with the financial capability of the target group with potential to upgrade; Alternate mechanisms, such as potential for the target group to contribute in kind through labour or any other appropriate means; Allowing partnerships or co-existence with small scale providers or communities where appropriate to reach a particular target group; and any other approach as may be appropriately designed by the Ministry, Line Agency and/or recommended by the PPP Committee. Community based PPPs will form an important aspect of the pro-poor approach, especially while designing PPP projects at the local government level” (ibid 11-12).

The line agencies mentioned include “ministries, ministerial equivalent bodies, regional authorities, local governments or any of their subsidiary bodies thereof which are authorized to enter into project contracts and the Agency will have the overall responsibility to prepare projects, enter into project contracts and manage the contractual relationship with the private investor, for infrastructure facilities within their jurisdiction. The role of the Line Agency will include appointment of Transaction Advisor, invitation of tenders and selection of the PPP developer; obtaining the Transaction Approval; negotiating the PPP contract; monitoring the progress; and obtaining relevant applicable in-principle approvals” (ibid: 12).

The envisaged PPP Committee “will be established under the Ministry of Finance and will consist of the Permanent Secretary, Ministry of Finance as the Chairperson;

representatives of the Ministries of Trade and Industry, Works and Transport, line ministry, representative from the National Planning Commission, Attorney-General's Office; and at least two representatives from the lead industry bodies, and/or multilateral agencies, and/or eminent persons with specialist skills in the PPP arena. The PPP Committee will be the decision-making body in respect of PPPs and will provide all Transaction Approvals; develop best practice guidelines; formulate policy; monitor planning and progress of PPPs; oversee functioning of the PPP Unit; and develop public-private partnership awareness.

The Central PPP Unit will be established under the PPP Committee with adequate capacity and resources to support Line Agencies in developing robust PPP proposals, staffed by highly trained team of professionals who may also engage private sector consultants as partners during the setup and operation phase. The PPP Unit will determine whether PPP is the most appropriate procurement option; ensure consistency in the project preparation and evaluation; act as a technical secretariat to the Ministry of Finance and PPP Committee; assist the PPP Committee/Ministry of Finance in issuing regulations, circulars and guidance notes, pertaining to PPPs; and ensure other aspects of the PPP policy are adhered to in the preparation and procurement of PPP projects" (ibid: 12-13).

A key role will be played by the Ministry of Finance which "will regulate the implementation of the Policy; provide overarching guidance and regulatory oversight; guide and regulate the functioning of the PPP Committee and the PPP Unit; provide approvals where the Line Ministry acts as the Line Agency; and provide approvals for all PPPs that have a contract value in excess of N$ 150 million" (ibid: 13).

The policy outlines that PPPs will be initiated "by the accounting officer/ authority of the relevant Line Agency/SOE and will include project identification; initial assessment of service need; appraisal of options; appraisal of the socio-economic objectives; registration of the Project with the PPP Unit; appointment of Project Officer and Project Team; and appointment of Transaction Advisor, to undertake all the detailed financial, technical and legal work required to prepare the Agency for a PPP project and agreement" (Loc. cit.).

Prior to a PPP being undertaken, a feasibility assessment must be undertaken which "will cover the strategic need assessment; assessment of service delivery options; undertaking of project due diligence, including technical, legal and environmental; project value assessment, including affordability and value for money through a Public Sector Comparator and a PPP Reference Model; and preparation of a Procurement Plan. In evolving the PPP design, the Agency will take into consideration the respective needs of all parties. The Line Agency/SOE will approve the PPP feasibility report, taking the above into consideration, and thereafter submit it to the PPP Committee for obtaining Transaction Approval" (Loc. cit.).

The selection criteria for a PPP project will include "one or a combination of the following: lowest contract value; lowest bid in terms of the present value of user fees; highest revenue share to the Government; highest up-front fee; shortest concession period; lowest present value of the subsidy or grant; lowest capital cost and operation & management cost; highest equity premium; lowest quantum of State Support solicited in present value; lowest net present value of payments required from the Government; or such other suitable selection criteria as the PPP Committee may approve, allow or prescribe.

The evaluation will be conducted by an evaluation committee appointed and chaired by the concerned Line Agency and which will include the Transaction Advisor; selected member from the Line Agency; representative from the MOF/PPP Committee/PPP Unit; and any other member as may be considered necessary for the project. The evaluation report of the Evaluation Committee along will be submitted to the PPP Committee for review. If no single bidder emerges as the preferred bidder, the PPP Committee could recommend a BAFO process only in exceptional circumstances. The highest ranking bid based on the QCBS criteria will be declared the preferred Bidder and the Agency will award the contract to the Bidder who submitted the highest ranking bid “ (ibid: 15)

In addition, a negotiation committee “will be appointed by the Line Agency and will be different from the Evaluation Committee, though one or two members may be the same. The keys steps in the negotiation stage will be identification of a negotiation committee and lead negotiator; preparation of a timeline for negotiations, falling within the bid validity period; development of objectives, negotiation strategy, negotiation plan, predefined positions of the institution and minimum negotiating parameters; documentation of all discussions and interaction during the meetings; work towards resolving issues and situations of stalemate in discussion; reach a formal settlement and establish a preliminary schedule for signing the PPP agreement.

The PPP Agreement will capture all elements of risk and risk transfer and will exhaustively detail the right, responsibilities and obligations of the contracting Agency and the PPP Party” (ibid: 15-16).

The policy provides for contract management which is meant to “ensure that government obtains the services set forth in the output specifications of the contract and also ensure ongoing affordability, value for money and that risks that have been transferred to the private sector stay transferred to the private sector and will include Service Delivery Management; Contract Administration; Relationship Management which will be achieved by the Contract Management Team through a Contract Management Plan” (ibid: 16).

“Every member of the Bid Evaluation Committee or the Negotiations Committee appointed by the Agency to evaluate bids will be required to sign a code of conduct before receiving bids along with a declaration of interest. A member found guilty of breaching the code of conduct will be liable for disciplinary action in terms of relevant public service regulations and may also be liable for criminal prosecution…. Forms of government support will be defined on a project to project basis, and will include financial support and subventions, including capital grants/subsidies during construction, operational subsidies, viability gap funding, unitary/annuity payments and hybrids that may include user charges plus other subvention mechanisms; asset based support in the form of providing land based resources to PPP projects for a tenure as may be determined at the feasibility stage; and non-asset based support will include administrative support, guarantees, and foregoing revenue streams in terms of waiver of sales tax on construction material and stamp duty and registration charges” (ibid: 18).

While being couched in the language of developmentalism and efficiency, Namibia's labour movement needs to be very alert to avoid a scenario where PPPs become the vehicle to outsource on a large scale and to reduce staff in both the civil service and SOEs.

PPP in infrastructure development

Given the involvement and ideological persuasion of the International Monetary Fund (IMF), it would hardly be surprising if labour's interests and concerns would be overlooked in the PPP process. A study conducted by the Bank of Namibia in 2014 confirmed that PPPs is indeed likely to be the major strategy for infrastructure development in the years to come. The Bank pointed out that investments in infrastructure are seen as one of the key enablers to achieve Namibia's development objectives. The specific focus areas are transport, electricity, water, housing and ITC. However, infrastructure investments currently lag behind the required levels as does the maintenance of infrastructure. The current network of infrastructure was mostly funded by government (see table 2) through budget financing, external concessional loans, other loans and issuance of bonds. Government investment in infrastructure development amounted to about 5% of GDP, compared with 9% in China (Bank of Namibia 2014)

Table 2: Infrastructure funding by government

Sectors (N$ millions)	**2010/2011**	**2011/12**	**2012/13**	**Total**
Transport Infrastructure	3,487.5	11,319.6	5,227.0	20,034.0
Energy Infrastructure	119.9	411.2	232.0	763.0
Water Infrastructure	748.7	-	-	748.7
Socialinfrastructure4	1,938.0	-	122.7	2,060.7
TOTAL	6,294.1	11,730.8	5,581.7	**23,606.4**

Source: Development Budget 2010-2014/15; BoN calculations

The external loans for infrastructure projects amounted to N$ 2.238 billion as reflected in table 3.

Table 3: External loans for infrastructure projects

Sectors	**Amount (N$)**
ICT infrastructure	18,659,949
Road infrastructure	1,649,124,916
Rail infrastructure	262,049,078
Airport infrastructure	135,745,526
Water infrastructure	140,715,749
Port infrastructure	32,488,013
Total	2 238 783 232

Source: Ministry of Finance, cited by Bank of Namibia

The Bank's study identified the need for further infrastructure financing to complement government efforts. It argued that private sector participation in infrastructure development has been limited and will need to be increased to meet the infrastructure funding requirements as set out in table 4 (ibid).

Table 4: Infrastructure funding requirements 2014/15-2019/20 (in N$ million)

Sector	2014/15	2015/16	2016/17	2017/18 – 2019/20	Grand Total
Transport infrastructure	**9,649.9**	**11,689.8**	**10,359.5**	**91,652.3**	**123,351.5**
Roads infrastructure	4,572.3	5,659.8	4,136.6	3,492.3	17,861.0
Rail infrastructure	2,300.0	2,500.0	2,400.0	53,600.0	60,860.0
Port infrastructure	1,967.6	2,450.0	1,012.9	29,500.0	34,930.5
Airport infrastructure	810.0	1,080.0	2,810.0	5,000.0	9,700.0
Energy infrastructure	**1,902.5**	**11,423.4**	**13,350.3**	**24,161.2**	**50,837.4**
Water infrastructure	**101.7**	**395.2**	**540.9**	**592.9**	**1,630.7**
ICT infrastructure	**737.0**	**608.0**	**642.0**	**701.0**	**2,688.0**
Housing infrastructure	**2,500.0**	**2,500.0**	**2,500.0**	**37,500.0**	**45,000.0**
Grand Total	**14,891.1**	**26,616.4**	**27,392.7**	**154,607.3**	**223,607.3**

Source: Bank of Namibia 2014

Taking into account the estimated sources of funding such as user fees, government subsidies, bonds and loans, the Bank identified a net funding gap of N$ 150.1 billion and thus argues for frameworks and structures "that will enable institutional investors to access infrastructure projects" (ibid: 21). One of those frameworks is the PPP policy whose objective is "to make the best use of the resources of both the public and private sector for infrastructure delivery" (ibid:16).

The Bank further argues that "due to resource constraints and competing priorities, the public sector alone will not be able to fund all identified infrastructure projects, hence there is a need for private sector involvement". Such private sector involvement is supposed to be facilitated through "PPPs, privatisation, listed Infrastructure Funds and Pension Fund Investments" (ibid: 22).

PPP in health

Another example of current and envisaged PPPs is provided by the Ministry of Health and Social Services (MoHSS). In a discussion paper of 2014 it pointed out that since independence the number of health facilities increased from 246 to 346 by 2012. An estimated 1.2 million people (which is over half of the population) now live within 20km of a public health facility (MoHSS 2014). The health sector is largely financed through public resources as indicated in table 5.

Table 5: Financing of Namibia's health sector (N$ billion)

Source	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9
Public	1,382	1.643	1,803	1,871	1,929	2,016	2,511	2,662
Private	312	308	347	358	376	408	630	605
Households	406	533	653	735	1.020	1,132	621	605
Donors	83	82	87	318	676	1,026	941	1,073

Source: NHA, quoted in MHSS 2014

The Ministry pointed out that donor support for the health sector increased significantly over the years but declined following the classification of Namibia as a middle-income country. Also, the Ministry noted that despite the achievements made, the demographic and health survey showed a reversal of some key health indicators in 2006. Thus “investments in infrastructure, specialised human resources and advanced medical technologies” will be required (Ibid: 9)

Some of the key challenges confronting the Ministry today were identified as a human resource shortage, poor work ethics and attitudes towards service delivery, inadequate infrastructure, a lack of systematic maintenance, a backlog of medical equipment, poor ambulance services, overcrowding and congestion at public facilities and a lack of accommodation for health professionals in rural areas. The Ministry thus argues that the private sector should play a bigger role in providing health care services. By 2014, there were 844 private health care entities in the country, including 13 hospitals, 75 primary health care clinics, 8 health centres and 75 pharmacies. These private services were mostly concentrated in urban areas.

In addition, the Ministry has been outsourcing the catering and security services on a two-year basis since independence. Kitchens staff has been shifted to resort under the successful private tenderer’s management while being paid by the Ministry. The Ministry further provided fully equipped kitchen and storage facilities to the tenderer and even paid for the energy and water costs. This arrangement led to numerous challenges such as poor management of staff and a lack of maintenance of equipment. As a result the catering services provided were poor.

Similarly, the outsourcing of security at all health facilities through the Tender Board did not lead to the expected results as the Ministry struggled to secure its property. The commercialisation of the laboratory services through the establishment of the National Institute of Pathology (NIP) in 1999 led to an improved provision of services but the Ministry was concerned with the rising costs of those services (Ibid: 16-17).

Based on this assessment, the Ministry places high hopes on PPPs in the years to come. It argues as follows:

“Over the past decade, use of PPPs as a strategy to achieve global health objectives has gained widespread acceptance. There is broad recognition that the private health sector can expand its contribution to improve health systems and health outcomes in the developing world. The MoHSS ’ goal is to strengthen the overall health system by integrating the private sector to attain national health goals. Namibia has a well developed private sector which could be harnessed by Government to complement the state medical services in terms of facilities, skills, technology and finance. This would help Government fulfil its constitutional obligation of providing universal access to health care services to all, especially the poor and vulnerable members of the society.

From the PPP, there are opportunities to increase revenue for Government as follows:

1. Private wards that could admit both private and public patients for treatment and share revenue;

2. Introducing a catering system in which the caterer has to pay a leasing fee for use of State facilities. This will mean that Government will not make the required capital investment. Furthermore, PPP will strengthen Government oversight of the health sector with better enforcement of regulations and the revision of fees on pharmaceuticals, inspection and registration that have not been market related for a long time. Other reasons for the MoHSS partnering with the private sector include:

- Delivery of high-quality services and products by the building sector;
- Increased distribution of skilled health personnel to deliver needed services particularly to the underserved groups;
- Mobilisation of health resources in a manner that would increase access, improve risk protection and incentivize providers appropriately;
- Improved generation, dissemination and use of health information that reflects all stakeholders in the health sector;
- Enhancement of Government's ability to ensure the availability of high-quality medical products, vaccines, and technologies;
- Enhancement of Government's ability to maintain infrastructure and provide accommodation for health personnel in the rural areas and settlements;
- Strengthening of Government oversight of the health sector, especially through better enforcement of regulations;
- Harnessing of private sector efficiencies in asset creation, maintenance and service delivery;
- Creating opportunities to bring in innovation and technological improvements; and
- Limiting unsolicited proposals from both international and local private sector entities whose PPP ideas are not in alignment with the MoHSS objectives" (ibid 18-19).

The envisage PPPs in health will include the following:

"Resource sharing: The MoHSS offers the private sector access to donated and/or affordable pricing for key inputs (e.g. commodities, staffing)

Memorandum of Understanding (MOU) and contracts: MOU s are agreements between ministries of health and the private sector to share staff, equipment, facilities in exchange for a service to target a certain population group. Contracts are used to engage private operators to deliver services and/or manage facilities for an agreed upon fee.

Concessions/Co-locations/Leases: The private sector invests its own capital to rehabilitate facilities and manages service in a public facility in exchange for revenue for fixed time periods after which management reverts to the ministry of health. Under a lease, the MoHSS would make a specified lease fee payment at a subsidized rate to the private sector owner for use of the facility and/or equipment.

Build-Operate-Transfer (BOT): The private sector constructs a public asset by financing the capital cost during construction, in some cases the private sector would operate such an asset, and eventually transfer the asset to the Ministry" (Ibid: 21)

The Ministry has identified some critical areas which will be priority areas for PPPs. It argues that "due regard should be given to the maximum protection of Government interests, policies and laws. In addition affordability, access to health services, creation of new employment opportunities, sustenance of existing jobs, transfer of skills and knowledge, technology adaptation, protection of the vulnerable, value addition, and the overall development and improvement of the health sector, all play a major role" (ibid: 22).

The identified priority areas include:

"(a) Specialised services: Many Namibians specialists are in the private sector offering cardiology, dentistry, oncology, ophthalmology and dialysis services among others. There are different types of partnership arrangements to leverage private sector infrastructure, capacity and expertise. They include:

i. Contracting specialists at regional and national levels to receive public patients and be reimbursed at reduced rates;

ii. Leasing space in public facilities, e.g. operating theatres and sharing the profits; and

iii. Retaining qualified private health personnel to train and consult with MoHSS staff in speciality areas to build Government capacity.

(b) Specialised equipment: The private health sector owns and manages a significant percentage of specialised equipment, such as X-rays, radiographs, and dialysis machines.

Potential PPP mechanisms could include:

i. Private individuals investing their own funds to buy and operate equipment in their own private practices. They would then also receive public referrals at reduced prices; and

ii. Co-location of diagnostic equipment and services and/ other specialised health services in public facilities in exchange for revenue sharing.

(c) Private wards: Many MoHSS wards are underutilised due to the deteriorating facilities, lack of equipment or insufficient personnel. The Ministry can maximise use of these state wards through different partnership mechanisms. Suggestions are as follows:

i. Renovate and provide amenities to allow people with medical aid to use public health facilities that are distributed across the country at a fee;

ii. Renovate wards to allow PSEMAS and MVA clients to be admitted to public hospitals as they can help curtail increasing costs at private health institutions.

The existence and use of private wards will increase Government revenue.

(b) Catering services: For Government to deal with the challenges outlined earlier, it is proposed that a full PPP concept, which allows for the refurbishment of the current kitchen facilities, replacement and repair of obsolete and non–functional equipment by the contractor at own cost, be introduced. The arrangement would allow the infrastructure to remain the property of the MoHSS . The existing system does not guarantee adherence to the quality and standards of food delivered to patients because both the catering equipment and the facilities belong to Government and are managed by it. Procurement of catering equipment and the process of replacement and maintenance is also cumbersome. The current conditions of service are not attractive enough to retain qualified dieticians and food specialists.

(c) Laundry and dry cleaning services: The MoHSS runs an in-house laundry service from its hospitals and health centres. The Ministry is faced with the frequent breakdowns of its machinery which do not work optimally due to age and the lack of investment. The breakdowns have led to increased transportation of linen to other hospitals and or private laundries for cleaning. This has resulted in the unavailability of linen at critical times, thus negatively impacting on quality health service delivery. Furthermore, laundry operations have contributed to a higher utility bill, for instance, water, electricity and diesel for the boiler house, a situation that can be remedied with private investment.

(d) Maintenance and minor renovations: In terms of maintenance, there are serious challenges related to the functions and competencies of different authorities within the government. For example Government moveable and immovable properties are owned by the Ministry of Works and Transport, who also, until recently were responsible for their maintenance. Maintenance has now been assigned to line ministries. However, challenges remain when it comes to the appointment of consultants as this still lies with the Ministry of Works and Transport, limiting the Ministry's chances to act timely. This arrangement has contributed to the dilapidation of structures. There is therefore, a need for partnerships with private sector for the maintenance of health equipment and buildings.

(e) Fleet services: The Ministerial Master Vehicle List reflects that the Ministry had a fleet of 1,777 vehicles as of March 2012. Of this figure, 1,229 are running, representing a fleet availability at 69%. Of the vehicles on the Master List, 118 are ambulances. The fleet availability at 69% hampers services in reaching the under–serviced rural areas and the transportation to and from referral clinics, health centres, district and referral hospitals.

Fleet availability further serves as a proxy for vehicle fleet management. Vehicles have to undergo fitness and roadworthiness tests, and have licences renewed and are sometimes written off after an accident. The administration of fleet is further exacerbated by the centralisation of the issuing of roadworthiness certificates and licences in Windhoek.

(f) Incinerators: The MoHSS currently operates incinerators in all its facilities. The incinerators are used by private entities to incinerate medical waste at a fee that is not market related. The rapid growth in volumes of medical waste delivered for destruction at the facilities means that incinerators are overused and this may lead to incorrect operations resulting in the release of pollutants in the atmosphere.

The MoHSS should outsource specific services through performance-based contracts for a defined period at negotiated affordable prices" (ibid: 22-25)

The examples of the Ministry and the envisaged role of the private sector in infrastructure development demonstrate that the increasing roll-out of PPPs is imminent. As outlined by the Minister of Finance, PPPs are already piloted in the area of construction affordable housing units in urban areas (Schlettwein 2016:7). The Ministry of Finance as well as the MoHSS are currently the main actors driving the PPP process in Namibia (Kampungu interview).

The PPP Bill

In November 2016, the PPP Bill was tabled in Parliament with the aim of establishing the legal framework and the PPP Committee. One of the stated aims is to promote private sector participation in the provision of public services and private sector investment in the provision of public infrastructure assets or services (Republic of Namibia 2016).

The Bill envisages a PPP Committee of 5-8 members drawn from Ministries and other persons appointed by the Minister with relevant knowledge, skills and expertise. This committee will approve PPP projects, develop best practice guidelines and formulate policies for PPP projects. It will report to the Minister of Finance and has to comply with his/her directives and guidelines (ibid).

“Public entities” such as government ministries or SOEs are envisaged to identify projects to be implemented through PPPs. Such projects will then be registered with the PPP Committee and a project officer from the public entity has to be appointed to take responsibility for the project from its initiation until the signing of the PPP agreement. The public entity may also appoint a “transaction advisor” to prepare a feasibility assessment and the PPP agreement. The advisor will also assist with the procurement, management and implementation of the PPP project (ibid).

The Bill outlines the steps to be taken to conduct the feasibility assessment and stresses the need to ensure efficiency and the optimisation of costs. The Bill further states that public entities must ensure that there is no “unreasonably high risk on the public entity in terms of direct financial commitments, indirect or contingent liabilities” (ibid: section 16, 2 g). PPP projects will have to be approved by the PPP Committee, and receive clearance from the Treasury and the Attorney-General. Procurement will take the form of a competitive bidding process through a procurement committee of the public entity. Prior to the conclusion of a PPP agreement, the public entity must establish a management team to prepare, implement and monitor the project management plan, including risk management (ibid).

There is thus no doubt that PPPs will become a key instrument of public sector restructuring in the years to come. PPP will be the central strategy for outsourcing public service and infrastructure provision to the private sector and trade unions do not feature in the PPP policy or Bill. Namibia’s trade unions need to take note of these developments and become proactive to ensure that PPP arrangements do not undermine decent working conditions including a living wage and job security for the affected workers.

6. Workers' concerns, legal provisions and possible union interventions

The past experiences with Namibia's commercialisation process in the 1990s have shown that public sector restructuring will affect both the employees and public sector unions directly. Workers that were transferred from the civil service to the SOEs lost their job security associated with civil service employment while trade unions had to renegotiate recognition agreements for new bargaining units. On the other hand, some former civil servants were offered higher wages and benefits when they moved to SOEs.

In cases where SOEs emerged out of ministries, the national bargaining agreement was broken up and unions had to recruit afresh and apply for official recognition once they represented the majority of employees in the bargaining unit. In case of the reabsorption of a SOE into a line ministry, the union currently being recognised as the exclusive bargaining agent at SOEs will lose that status. Reabsorption would strengthen the position of NAPWU as the recognised national bargaining agent for civil servants.

A likely challenge relating to the possible re-absorption of SOEs is that conditions of employment may be more favourable at the SOE than at the line ministry. Re-absorption thus may lead to anomalies as the employer cannot unilaterally change conditions of employment. Such a practices is explicitly termed "unfair labour practice" in the Namibian Labour Act. Thus the staff affected and the unions will have to be involved in negotiating an acceptable transition from SOE staff back into a ministry.

A particularly challenging task will be negotiations around loss-making SOEs as government realised that the practice of the past two decades is unsustainable. There is an imminent threat of retrenchments at SOEs like TransNamib, NWR and Air Namibia and this challenge is made worse by the fact that workers at these SOEs are represented by different trade unions. The Namibia Transport and Allied Workers Union (NATAU) represents the ground staff at Air Namibia as well as workers at TransNamib while the Namibia Cabin Crew Union (NCCU) organises the cabin crews at Air Namibia while the pilots have their own association.

NAPWU as Namibia's largest public sector union on the other hand represents civil servants at national level as well as workers at Namibia Wildlife Resort. Given the many inter-union conflicts, it will be a challenging task for the unions to develop a common position and to take joint action. This can seriously undermine union influence as the public perception of SOEs in one of inefficiency and a waste of resources. Unions thus cannot narrowly focus on wages, benefits and job security only, but need to also present a coherent and convincing argument on how to improve efficient quality service delivery. Failure to do that is likely to result in unions being seen as defenders of inefficiency and they will be accused of merely representing narrow interests.

The Labour Act allows employers to undertake organisational restructuring and thus also allows retrenchments arising out of restructuring. However, the recognised unions must be engaged by the employer to find alternative solutions and to minimise retrenchments. This provision paves the way for union interventions on behalf of their members on issues of job security and employment conditions. As mentioned before, this should be embedded in proposals how to improve the performance and service delivery of SOEs.

Unless the public sector unions can play such a pro-active role and link the justified expectation of good quality public services delivery to improved working conditions, they are likely to be seen as obstacles towards progress in the civil service and particularly at SOEs. Thus a narrow focus on jobs and employment conditions alone might not be a promising strategy. Instead, unions should look at the past experiences with commercialisation, outsourcing and PPP-type arrangements to show the possible pitfalls in terms of costs and efficiency as well as employment conditions. This would pave the way for a more holistic approach of Namibian unions towards public sector restructuring.

Another important aspect to be addressed by the public sector unions is the ever-increasing wage gap. There are already substantive wage differentials within the civil service but this gap widens even further when SOEs are included. Managers at some SOEs are reportedly earning close to N$ 2 million per year, far more than even members of Cabinet. A harmonisation of earnings will thus be extremely difficult as the Labour Act protects even managers from unilateral changes of employment conditions. However, the envisaged large-scale SOE restructuring and the expressed willingness of the Minister to consult with unions, presents an opportunity to tackle wage gaps within the public sector in a more systematic manner. This is even supported by the 4th National Development Plan (NDP) which stipulated that the reduction of income inequality is one of the national development goals.

Undoubtedly, the continuous high unemployment rate and the poor chances of finding other work will worry union members employed at SOEs. Thus unions have to fiercely fight for their members' interests while also looking at the broader picture of resource efficiency and service delivery. In some cases, unions might be forced to engage in "rear-guard" battles to secure decent retrenchment packages, early retirement options etc. for their members while in other cases unions can advance proposals for the kind of restructuring that enhances service delivery, affordability and decent work in the public sector. This will require thorough preparations and a strategic approach – otherwise unions are likely to play only a marginal role in the restructuring process.

7. Conclusion

Namibia's public sector unions experienced a kind of honeymoon period over the past 26 years. The government debt was minimal and there was scope for a large expansion of the civil service and SOEs. Against the background of huge increases in public debt over the past 6 years, a large civil service of over 100,000 employees and more than 70 SOEs many of which rely on multi-million dollar annual bail-outs, the next round of public sector restructuring is likely to be challenging and painful for the labour movement. Government has publicly raised concerns about the sustainability of the public sector wage bill. However, due to political reasons, large-scale retrenchments and the direct privatisation of government functions is unlikely to happen in the immediate future. Instead, a focus on PPPs as a key mechanism for outsourcing is likely to affect and alter employment conditions of public sector workers.

There is no doubt about the urgent need for SOE reform. Overall, many of Namibia's SOEs have failed to live up to expectations but at the same time many of them have to play an important developmental role in terms of service provision or regulation. Privatising them as suggested by some SOE critics is unlikely to provide the solution because the private sector would only be interested in those SOEs with good prospects for profitability while the eternally loss-making ones would certainly remain with government. It thus seems essential for trade unions to engage government to clearly identify the developmental potential and role of SOEs and to ensure that they are transparent and accountable, achieve social efficiency and use their resources optimally. The Ministry of Public Enterprises has taken the first steps in this regard but Namibia's public sector unions are yet to pronounce themselves.

It is evident that several of the key challenges of SOEs that were identified over the years have not been successfully addressed, and in some instances even seem to have become worse. As mentioned by the MPE, SOE reforms today thus need to be tailored to address the specific problems while taking cognisance of the different roles and functions performed by different groups of SOEs. Those performing regulatory functions need to place emphasis on capacity and efficiency in their operations, including cost efficiency and the functioning of structures.

Those SOEs entrusted with delivering important social services will have to be measured differently. They perform important developmental functions and should not be judged by commercial criteria only. Instead, "social efficiency" seems the more appropriate yard stick, meaning the delivery of good quality services as cheaply as possible to make them affordable for all. In such cases, a subsidisation by government is not only justified but necessary. The enhancement of performance and efficiency as service-delivery SOEs can be enhanced while retaining them under public ownership. An uncritical strategy of pursuing PPPs as the way out could undermine affordable service delivery. The experiences with the commercialisation of SOEs since independence clearly points to such dangers. A democratically elected government certainly has a developmental role to play and the provision of affordable services of good quality is part of that mandate.

In terms of the key questions and focus areas of this study, the following needs to be emphasised:

Restructuring of the civil service or SOEs has affected employment conditions, sometimes with negative consequences for the affected workers such as a loss of job security in the medium to long run. Overall, restructuring tends to increase less secure forms of employment. On the other hand, some SOE workers now earn more than what they did in the civil service. Unions thus need to be careful when negotiating restructuring agreements in future.

Restructuring always affects collective bargaining as new entities usually fall outside the national bargaining unit in which NAPWU represents the civil servants generally while teachers are represented by the Namibia National Teachers Union (NANTU). A reabsorption of some SOEs into line ministries would thus increase the number of workers covered by NAPWU's national bargaining unit. In terms of bargaining rights, workers in the civil service and at restructured entities such as SOEs enjoy the same legal protection but unions tend to find it more difficult to recruit insecure workers who might be scared of losing their jobs as a result of their participation in union activities. Thus the legal rights linked to the entrenched freedom of association might be undermined by job insecurity and mass unemployment.

The Labour Amendment Act of 2012 provides some protection for workers at labour brokers (labour hire companies) but it does not prevent subcontracting and outsourcing. Thus public sector unions need to be vigilant about renewed attempts to outsource functions either by line ministries or SOEs. The experiences with the National Housing Enterprise (NHE), for example, have shown that the outsourcing of the construction of houses under the mass housing programme has resulted in the affected workers losing out on wages and benefits. Furthermore, the envisaged efficient delivery of affordable housing was never achieved as layers of contractors and subcontractors escalated the price. Trade unions need to become proactive if they want to ensure that such malpractices will not occur in future. They failed to effectively intervene in the mass housing programme and thus were largely relegated to the role of spectators.

Public-Private Partnerships are likely to be a key area of public sector restructuring and outsourcing in the years to come. The Ministries of Finance and Health seem to be spearheading this trend while infrastructure development is likely to become a key focus area for PPPs. International examples in this regard, particularly in Southern Africa, could provide warnings and valuable lessons for Namibia's public sector unions.

The study could not explore the understanding of the labour law by public sector workers but indications are that there is a relatively high level of compliance with the legal requirements within Namibia's public sector. Employment conditions tend to be significantly more favourable than those stipulated in the Labour Act and the Public Service Commission supervises adherence to legal provisions and thus fair labour practices. In addition, the public sector has a fairly high rate of unionisation and thus workers have recourse to their unions in cases where their rights are violated.

The situation may be different at SOEs which have their own managements and boards of directors. Thus national structures like the PSC have no influence over these entities but the new MPE will play a more prominent role in directing SOEs in the years to come. For unions, dealing with SOEs is more cumbersome as they will have to sign separate recognition agreements with all of them which has resulted in a multitude of unions being involved, including some of NAPWU's sister unions (for example MUN and NATAU) as well as rival unions like the Public Service Union of Namibia (PSUN).

As experienced in the mining sector by the Mineworkers Union of Namibia (MUN), public sector unions are likely to confronted by significantly worse employment conditions for workers at subcontracted companies. This is a general, global trend and while the Namibian government is unlikely to reduce employment conditions or job security directly, the practice of outsouring is likely to lead to such an outcome. Thus Namibia's public sector unions need to pay particular attention to that threat in the years to come.

Given government's stated intentions of making the public sector and in particular the SOEs more efficient, sustainable and outcome-oriented, Namibia's public sector unions need to be well prepared to make a meaningful contribution to this process. As outlined above, this will have to include a focus on "social efficiency" as opposed to the market-driven approach. In cases where the loss-making has reached endemic proportions (such as TransNamib and Air Namibia), unions will find it hard to develop arguments to justify the status quo. Instead they need to develop their own proposals how public resources can be used optimally and how best workers can be protected against the negative consequences of mismanagement that have taken root at several SOEs.

References

Bank of Namibia 2012. *Infrastructure financing in Namibia*. Windhoek: BoN.

Government of the Republic of Namibia 2001. *Report on a governance framework for state-owned enterprises in Namibia.* Windhoek: OPM.

Jauch, H. 2012. Reforming State-Owned Enterprises: *Past experiences and challenges ahead.* Paper presented at a panel discussion in Windhoek, 16 August 2012.

Jauch, H. and E. Tjizera 2016. Possibilities for Developmental State Interventions in Namibia (forthcoming)

Labour Resource and Research Institute 2000. *Public sector restructuring in Namibia-commercialisation, privatisation and outsourcing*. Windhoek: LaRRI.

Labour Resource and Research Institute 2002. *Privatisation the Namibian Way: From commercialisation to the sale of state assets*. Windhoek: LaRRI.

Labour Resource and Research Institute 2004. *Water privatisation in Namibia: creating a new apartheid?* Windhoek: LaRRI.

Labour Resource and Research Institute 2009. *Wage bargaining report 2008*. Windhoek: LaRRI.

Ministry of Health and Social Services 2014. *Public Private Partnership Framework. Discussion paper,* 31 March 2014.

Ministry of Trade and Industry 2014. *Namibia Public Private Partnership PPP) Policy*. Windhoek: MTI

Ministry of Works, Transport and Communication 1998. *MWTC 2000 Project for the Restructuring of the Ministry of Works, Transport and Communication. Expanded Document.* Windhoek: GRN.

National Union of Namibian Workers 2001. *Proposed recommendations by the National Union of Namibian Workers (NUNW) and its affiliates to the Government Committee on State Owned Enterprises,* 23 August 2001. Windhoek: NUNW

Oestman, C. 1994. *Privatisation of Public Services and Public Utilities*. Sector Activities Programme Working Papers. Geneva: ILO.

Office of the Prime Minister. 1995. *Wage and Salary Commission Report*. Windhoek: OPM.

Republic of Namibia 2006. *State-Owned Enterprises Governance Act (No 2 of 2006).*

Republic of Namibia 2008. *State-Owned Enterprises Governance Amendment Act (No 5 of 2008).*

Republic of Namibia 2016*. Public Private Partnership Bill (B24-2016).*

Schlettwein, C. 2016. *Budget Statement*. Windhoek: Republic of Namibia.

Interviews: Markus Kampungu, Chairperson: Public Service Commission, 17 July 2016

Leon Jooste, MP, Minister of Public Enterprises, 10 August 2016

Newspaper Articles:

The Namibian, “Labour Commissioner advises against NAC retrenchments, 23 March 2012

“NHE accused of charging high interest”, 3 April 2012

“Airports Company botches streamlining”, 10 April 2012

“NWR on brink of collapse”, 21 May 2012

“Salaries swallow NWR funds”, 28 May 2012

“Millions lost at NWR for paying work not done”, 20 June 2012

“RA owes millions to contractors”, 21 June 2012

“Super golden handshake for Aupindi”, 26 June 2012

“Nalisa becomes NAC’s hot potato”, 7 August 2012

“Govt probes early retirement age”, 8 February 2016

“Shifeta reads riot act on SOEs”, 9 February 2016

“Govt to step on spending breaks”, 26 February 2016

“Schlettwein says SOEs need serious reforms”, 1 March 2016

“AirNam still drains public purse”, 2 March 2016

“Shifeta reads riot act to SOEs”, 9 February 2016

“NWR forced to audit”, 10 March 2016

“Workforce overburdens NWR”, 3 June 2016

“Jooste gets Business SOEs”, 22 July 2016

“Works loses big in new changes”, 29 July 2016

“Govt debt grows 415% in six years”, 11 August 2016

New Era, “Financial performance of SOES disappointing - !Gawaxab”, 14 June 2012

"Namibia probes reducing retirement age to curtail wage bill", 8 February 2016

"Unions reject Cabinet early retirement proposal", 9 February 2016

"Loss-making parastatals a liability-Shifeta", 10 February 2016

"Government has overcapitalised NWR-Shifeta", 11 February 2016

"NWR dismisses retrenchment claims", 9 March 2016

"Jooste on a mission to ensure SOE compliance", 13 May 2016

"Calls for medical fund for SOEs", 3 June 2016

"Jooste's SOE reforms kick off", 6 June 2016

"Game changer governance model for SOEs", 22 July 2016

Informante, "Government to cut down on SOEs", 31 March – 7 April 2016

The Villager, "No more golden handshakes", 16 – 22 July 2012.