2019 CORPORATE GOVERNANCE IN THE PUBLIC SECTOR: OVERVIEW
CORPORATE GOVERNANCE OVERVIEW

By
The Institute Of Directors Of Zambia
Delivered By Mrs. Victoria C. Silutongwe
Acting President, IoD Zambia
on 20th February 2020
At Southern Sun Hotel, Lusaka

- The Permanent Secretary, Office of the Vice President, Mr. Stephen Mwansa
- Past Presidents of the IoDZ
- Board Chairpersons
- Chief Executive Officers
- Members of IoDZ and Potential Members
- Distinguished Guests
- Members of the Press
- Ladies and Gentlemen

Good morning and welcome to this Networking Breakfast and Conferment of Fellows.

It is my honour and privilege to deliver, on behalf of the Board, the Institute's Corporate Governance Overview statement for the first quarter of 2020.

1. The Institute of Directors of Zambia has noted the Government of the Republic of Zambia's paramount emphasis on professional integrity among State Owned Enterprises (SOEs) in the conduct of Corporate Governance.

2. Thus, The Industrial Development Corporation (IDC) took bold and innovative measures to improve Corporate Governance among the State Owned Enterprises that belong to the Group. IDC dissolved the Times Printpak Board of Directors following what the Group considered ‘a continued deterioration in the financial situation of the company’. The Times Printpak is among other SOEs that have continued to report declining financial performance.

The concern of the IoD is that weak performance of SOEs constrains their capacity to meaningfully contribute towards the realization of major goals of the Seventh National Development Plan (7NDP).

3. There were, however, shining examples of good performers that ought to be emulated. Mulungushi Village Complex Ltd. and Indeni Petroleum Refinery Company Ltd., for example.

Among the factors contributing to this good performance was good corporate governance. IoD praises these companies for this good performance.
Ladies and Gentlemen

4. IoD further observed that the Government of the Republic of Zambia implemented bold and sweeping Corporate Governance Reforms in the recent past.
   The appointment of Chief Executives and Management teams of SOEs was decentralized to Boards of SOEs and other grant aided bodies.
   IoD is of the view that when Government divests itself of this responsibility, there is a huge chance of having Boards comprising experts with appropriate competencies to oversee operations of SOEs.
   IoD welcomes this policy shift and stands ready to offer capacity building support for members of SOE Boards.
   It is on this backdrop, that IoD further implores Government to forge its commitment towards Board independence in SOEs.
   This will ensure these professionals mandated with this oversight role apply themselves without undue pressure.

5. The Government has also introduced performance based contracts particularly for those Boards and Chief Executive Officers falling under the Industrial Development Corporation.
   This provides Government with a clearly defined means of assessing performance and ensures that those who meet the set benchmarks have their contracts or appointments renewed.
   IoD views this step as a welcome move.

6. The Institute of Directors reaffirms its commitment to Government to serve as a partner to SOEs in their quest to strive for excellence in Corporate Governance in line with the goals of the Seventh National Development Plan and Vision 2030.

7. In conclusion, Ladies and Gentlemen, it is the Institute’s hope that the implementation of these policies will see a reduction in cases of misapplication, misuse and related vices in the 2019 Auditor General’s report.

I THANK YOU