SUMMARY RECORD: 3rd MEETING OF THE SOE NETWORK FOR SOUTHERN AFRICA

“Forging Ahead with Reforms”: 8-9 October 2012 — Midrand, South Africa

Summary of meeting outcomes at a glance1

The 3rd meeting of the SOE Network for Southern Africa took place on 8-9 October 2012 in Midrand, South Africa on the premises of the event sponsor Development Bank of Southern Africa (DBSA). The meeting was attended by 60 participants representing: 12 high-level delegations from the Southern Africa Development Community (SADC) economies (Angola, Botswana, DR Congo, Lesotho, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia and Zimbabwe), three delegations from OECD countries (Finland, Norway and Turkey), one delegation from China, and representatives from four regional/international organisations (SADC; Africa Peer Review Mechanism (APRM), DBSA, and the World Bank).

The purpose of the meeting was to re-launch the regional Network process; and to agree on concrete outputs for the Network going forward. The meeting agreed to develop:

- Regional Southern Africa guidelines on SOE Governance;
- A work stream on how to improve the governance of, and legal and regulatory environments for SOEs in the infrastructure sector; and

In order to achieve these goals, a regional Taskforce was set-up comprising of representatives from five SADC countries to take forward the work stream on regional guidelines on SOE Governance. The Taskforce is chaired by Botswana, and includes participation from Mozambique, Namibia, Zambia, and Zimbabwe. DBSA will act as an observer. The Taskforce is scheduled to meet in April 2013, hosted by Botswana’s Public Enterprises Evaluation and Privatisation Agency (PEEPA) in Gaborone. (A thematic workshop can also be held back-to-back with the Taskforce meeting if there is sufficient interest.)

At the 4th Network meeting, scheduled for November 2013, draft regional SOE guidelines will be presented for consideration to the SADC economies. It was agreed that the next meeting of the Network would also address ethics, including the fight against corruption, in SOEs in Southern Africa. The SOE Governance Council Secretariat of Namibia and DBSA both agreed to look in to possibilities for hosting of the next meeting of the Network. Dates and locations for both the Taskforce and Network meetings will be communicated to participants in due course. DBSA has agreed to take forward chairmanship of the Network in 2013.

---

1 This summary encompasses the conclusions of the meeting’s sixth session on “The way forward.”
Introduction and Welcoming Remarks

1. **DBSA (Tom Scott, Chief Economist),** as the host and sponsoring institution, welcomed the Network as means to improve the performance of SOEs through standards in governance and was pleased that the Bank could to facilitate the Network in this regard. **Mr. Scott** highlighted the important role of SOEs as catalysts in economic development, drawing on the model of state capitalisation in China, but also the model of the “development state” in South Africa. He also argued that this should not deflect from the need to achieve improved governance and institutional environments to ensure clear objectives and mandates for SOEs; to ensure due diligence; and to improve transparency and accountability.

2. **The South African Department of Public Enterprise (Director General Tshediso Matona),** as host government, reiterated South Africa’s interest in taking part and hosting the Network process. He highlighted that after a lull, the broad participation of countries in the room illustrates that a regional process is important to objectively qualify and share good practices, without judging the merits or demerits of state-ownership. He further highlighted that given the role of SOEs in the economic development process, Southern African economies have a lot at stake strategically. For this reason he emphasised that frameworks are important to guard against crises, especially in the current context where corporate governance has risen to top of public discourse due to failures in both the public and private sector.

3. **The Norwegian Ministry of Industry and Trade (Mr. Anders Berg, Deputy Director),** as sponsors of the Network, highlighted the Network’s value as a meeting place for policy makers and other stakeholders to discuss and share best practices and practical experiences. **Mr. Berg** said that such a platform is a good way to improve the corporate governance of SOEs, as it serves as a force to push for reforms and strategy. He reminded participants of Norway’s 14 year experience in SOE reform and his country’s role in the development of the **OECD Guidelines for the Corporate Governance of SOEs.** Norway is committed to fund the Network over a 3 year period, the ultimate aim being a Network sustainable in the longer-term. Mr. Berg extended an open invitation for regional SOE governance practitioners to visit his Ministry in Norway.

Speech by Minister of State Enterprises and Parastatals in Zimbabwe, the Honourable Gordon Moyo.

4. **Minister Moyo** argued that there is a need to develop regional good practices for SOE governance, given the important role that they play in the Southern African economies in terms of catalysing capital markets and contributing to social development. The Minister also highlighted some of the key challenges faced by SOEs, drawing his on own country’s experiences coming out of an economic crisis (i.e. ranging from capitalisation, boards, skills, training and leadership, to adherence, compliance, and corruption). For this reason, he stressed the need to for a shared conceptual framework for African economies to revitalise parastatals and inform SOE practices, especially in a context of regional integration. He recalled participants of the current debate on the “model” and ideological framework that is being premised for the role of SOEs in African economies. He called for an African-borne model that does not copy the state capitalism model of the Asian development states, but that is based on African traditions and values. He suggested that the Network may be at a starting point. Given the momentum for reform is already sweeping across African economies as manifested through the APRM process, and the current reform process concentrated around the **2010 Corporate Governance Framework for State Enterprises and Parastatals** in his own country (which cites both regional and OECD SOE Guidelines), he identified the Network as a way to sustain and raise these issues for debate.
Session 1: Overview of the current reform process

5. The Chair (Mr. Dalmar Jama, APRM) noted the importance of monitoring reforms and recalled that one of the four pillars of the Africa Peer Review Mechanism Process (APRM) is corporate governance. He, therefore, stressed that Networks such as this one can be an important link to the work of the APRM process. The Chair then gave the floor for participants to report back on the latest SOE governance reforms and current challenges. The below summary aims to capture the overarching themes that were raised during the “tour de table” of the presenting SADC countries:

- **Organisation of the ownership function.** A number of countries discussed the organisation of the ownership function as both an advantage and in some cases a challenge. The issue of coordination of was raised by some countries, especially where there is a centralised ownership function mandated to coordinate line ministries and the shareholding ministry (often the Ministry of Finance). Other issues included challenges in carrying out a clear ownership policy where there is full decentralisation of SOE ownership. Further to the issue of ownership, participants also raised the challenge of separating ownership from regulatory functions, which in some cases is carried out by the same entity. (including Botswana, Lesotho, Mauritius, Mozambique, Namibia, Seychelles, Swaziland)

- **Capitalisation.** A common challenge discussed by national delegates was the undercapitalisation of SOEs. Some countries found that their SOEs were indebted because of a number of obligations imposed by the state, including delivering on service obligations at below costs (to appease consumer voices), while maintaining over employment, and lacking strategic investment, etc. However, other participants pointed to the market failure, i.e. the combination of a lack of debt financing together with under-developed capital markets making it difficult for SOEs to turn to private funding as an alternative. Undercapitalisation has had perverse consequences for some SOEs affecting their ability to participate as viable counterparts in PPPs and joint ventures. (including DR Congo, Zimbabwe, South Africa)

- **Board appointment and remuneration.** The issue of board nomination, appointments and composition was raised by virtually all participants. Participants discussed challenges related to attracting talent especially where remuneration is a constraint. For some countries, the question of remuneration of civil servants is pertinent. The issue of board nomination and appointment is a challenge in some jurisdictions where appointment processes are beset by political interference (i.e. dismissal and reappointment of the board where there is change in government). Practical examples were provided by a number of countries on their methods to calculate remuneration of board members and the principles that undermine their pay scales. Further calls were made to develop the point of board nomination, appointment and remuneration in the context of eventual SOE guidelines. (including Angola, Botswana, Lesotho, Namibia, Seychelles, Swaziland)

- **Accountability and transparency.** One of the key challenges cited by participants is to ensure that SOEs are fully accountable to the budget process. Another somewhat related point that was made with concern oversight of performance contracts awarded to management consultancies.

---

2The presenters from this session represented the following institutions: Angola (Instituto de Apoio ao Sector Empresarial Publico); Botswana (Public Enterprises Evaluation and Privatisation Agency); DR Congo (Comité de Pilotage de la Réforme des Entreprises du Portefeuille de l’Etat); Lesotho (Private Sector Development, Ministry of Finance and Development Planning); Mauritius (Office of Public Sector Governance, Office of the Prime Minister); Mozambique (State Shares Management Agency); Namibia (SOE Governance Council Secretariat, Office of the Prime Minister); Seychelles (Public Enterprise Monitoring Division, Ministry of Finance, Trade and Investment); South Africa (Department of Public Enterprise); Swaziland (Public Enterprise Unit, Ministry of Finance); and, Zimbabwe (Ministry of State Enterprises and Parastatals).
Further calls were made to develop this point in the context of eventual SOE guidelines. (including Angola, Mauritius, Mozambique)

- **Balancing commercial with non-commercial objectives.** One of the most pressing challenges faced by SOEs in the region is how to achieve sustainable balance sheets while also meeting socio-economic objectives that are requested by the government. For some countries, the problem is in the establishing legislation for SOEs, while for others the challenge is the lack of clear separation between of social/developmental and commercial objectives. (including Angola, Mauritius, Namibia)

- **Size and volume of SOEs.** The size and volume of SOEs is considerable in some countries, which pose a governance challenge for the ownership function (or functions in the case of dispersed ownership). The sheer volume and coordination capacities required to manage such large portfolios may have an impact on the design of the ownership function (i.e. central, dual or decentralised). It was suggested that this point be further considered in development of guidelines for what concerns the optimal configuration the of ownership function, and for the classification of commercial versus non-commercial SOEs. (including Lesotho, Namibia, Swaziland)

- **Political interference.** A somewhat related issue to non-commercial objectives touches upon the role of Ministers and government vis-à-vis the board and executive management of SOEs. One challenge reported by a number of participants is to ensure that SOEs are adequately independent from government intervention, while also meeting the stated objectives of the government as Shareholder. Calls were made to extend training beyond board members to government bodies in charge of SOEs to ensure that roles are clearly defined. A final point was made about corporate ethics and the need to curb corruption in SOEs. (This point was also further elaborated in discussion on the work stream related to corporate ethics.) (including South Africa, Zambia, Zimbabwe)

6. Participants asked the OECD Secretariat to ensure that presentations from this session are made available on the webpage for the SOE Network. The OECD Secretariat will further use this wealth of information as a basis to draft a Stocktaking report on current SOE governance reforms and challenges across the SADC region. An initial draft will be made available prior to the April 2013 workshop to inform the Taskforce discussion on the SOE Guideline drafting process. An draft will be circulated to the SADC countries by the OECD Secretariat for comments and fact-checking. The stocktaking will be finalised by the 4th Network meeting.

**Session 2: Forging ahead with a Southern African regional reform process**

7. The Chair (Mr. Mumba Kapumpa, Zambia Institute of Directors) stressed the importance of a set of regional guidelines that promote good corporate governance. He recalled that in the previous phase of the Network members had already made headway in developing a shared position and consensus on the need for guidelines. He pressed that this process now pick up where it left off, and to produce some concrete results.

8. Ms. Inge Murangi (Director, SOE Governance Council Secretariat, Namibia) emphasised that, based on her previous involvement in the Network, there is clearly a need for a set of regional guidelines. Her presentation drew on some of the issues that could be covered in the guidelines, but also the rationale for state-ownership in the Southern African economies.

---

3 As expressed by a representative from Zesco.

4 With the exception of the Seychelles who did not use a power point presentation.
9. Mr. Terrence Chimanya (Senior Manager Risk Advisory, PricewaterhouseCoopers) discussed how regional guidelines could create an impetus for reform at a national level, drawing on his own experience as corporate governance practitioner in Zimbabwe.

10. Ms. Sara Sultan (Policy Analyst, OECD), discussed the benefits of guidelines specific to SOEs, and how this could be adapted to regional priorities, drawing upon the examples from the OECD SOE Guidelines, the Baltic Guidelines, and the Asia Policy Brief. The presentation discussed some of the potential areas that could be covered by a set of regional guidelines, and the role the Network could play in realising such a goal.

11. The Roundtable discussion came to a consensus that it is a priority for the Network to move forward with a set of regional SOE guidelines. Issues to be covered will be determined by regional priorities (these issues are covered extensively in the bullet points covered under the summary of Session 1); however it was agreed that guidelines would draw on existing Southern African national and international best practices as a starting point (South Africa, Swaziland, Zimbabwe, SADC-DFRC). Participants favoured starting the regional guidelines process sooner rather than later, thus it was agreed that those countries most interested in taking forward the work stream on Guidelines communicate as much a possible leading up to the April 2013 workshop to ensure the efficient use of time when the group meets in-person (Mozambique, Botswana). The OECD Secretariat also agreed to coordinate this process.

Session 3: Consultative session on Competitive Neutrality

12. The Chair, Mr. Sonwabo Mateyisi (Director, Risk Advisory Division, Deloitte), stressed that the issue of competitive neutrality is timely in South Africa. Some of the debate in South Africa focuses around accusations of public development banks crowding out the private sector; the misallocation of resources; and SOEs which are faced with the double task of acting on a commercial basis according to market principles while being expected to continue fulfilling public service obligations. For this reason, the Chair urged participants to look at the long-term benefits that could be reaped by considering this framework, and by being involved in the current debate taking place among OECD economies.

13. Mr. Hans Christiansen’s (OECD) introductory presentation described the methodology and eight pillars underpinning the OECD’s work on competitive neutrality (CN). He provided a number of examples as to the application of CN. He also mentioned that in the beginning of 2013, the OECD will decide whether and how to proceed on shared thinking on this topic this.

14. Mrs. Sara Sultan (OECD) stressed that even though very few countries have comprehensive CN frameworks in place; most jurisdictions have implemented elements of the eight building blocks and hence in effect taken steps toward aspects of CN. She further informed participants that the OECD was keen to engage with non-member countries on CN and to see to what extent it is relevant or applicable in their jurisdictions. The OECD invited SADC countries to engage bilaterally if of interest.

15. The question and answer session covered a range of topical issues including the cost of capital for SOEs, structural separation in the network industries (Botswana), public procurement and government subsidies and guarantees (whether implicit or explicit). Some view that poor development of capital markets may have an impact on the playing field, for this reason implementing a full CN framework would be difficult where the state does not have many routes to disengage from its SOE sector (SADC-DFRC). On the cost of capital, some participants argued that their SOES would not be able to survive without subsidies for the public services they deliver (Botswana); on the other hand many agreed that implicit or explicit government backing can provide some form of advantage for SOEs. On the question of public procurement, some participants drew on the disadvantages of their SOEs vis-à-vis competition from privately-owned or foreign SOEs, which has, in some cases, resulted in local SOEs not winning bids for tender (Namibia). As for natural monopolies in the infrastructure sector, it was argued
that even when some former SOE incumbents are present in the market, they maintain their incumbency advantages thus CN is difficult to attain (Lesotho). The Chair noted that at the core of the development state is industrial policy, thus Southern African economies must consider to what extent SOEs are effective and at what stage of development SOEs should be phased in or out to open up markets. The session was concluded with a general consensus that competitive neutrality is a sound idea for the region for long-term development priorities and to further regional integration; however in the short term the costs and benefits must be weighed based on current development priorities.

Session 4: SOEs in the infrastructure sector – Fostering partnerships and enhanced implementation capacity

16. The Chair (Mr. David Monyae, Policy Analyst, DBSA), reminded participants that infrastructure is one of the biggest development challenges facing the African continent and therefore it is a priority issue for development finance institutions such as the DBSA. DBSA’s goals are to finance strategic projects which promote regional integration and which facilitate economic activities benefitting the region. The chair then opened up the floor to the speakers and a discussion session followed.

17. Mr. Christiansen (OECD) introduced the rationale for considering both the issue of SOE governance and infrastructure development together, drawing on the discussion paper tabled at the meeting. Mr. Christiansen emphasised that proper institutional and legal arrangements improve the capacity of SOEs to act as effective partners in infrastructure projects. He also touched upon the role of state-owned development finance institutions in this regard. Mr. Christiansen highlighted how the Network could be used as a forum to exchange experiences, and going forward to build a consensus on good practices (i.e. by developing sector specific studies or concrete guidance) aimed at reforming SOEs active in the infrastructure sector. He recalled the role of the OECD-NEPAD Investment Initiative and the SADC-DFRC PPP Network as a way to coordinate such work.

18. Mrs. Mbile Wina Vukovic (Director Legal Services and Company Secretary, ZESCO) spoke from the perspective of an SOE. Drawing on examples from Zesco, Ms. Vudovic discussed some challenge with the legal and regulatory frameworks and their impact on Zesco’s commercial operations. She also brought up some specific governance challenges faced by Zesco including with its board, political intervention and other capacity issues.

19. Mr. Mohale Rakgat (Head Development and Advisory) from DBSA spoke from the perspective of a state-owned development finance institution and their regional role in developing and ultimately financing infrastructure projects. His department is in charge of providing advisory services for project development in the early phases (i.e. before a project comes to fruition). He emphasised the important role that state-owned financial institutions play, especially given their ultimate goal to support broad socio-economic priorities. Therefore, aside from financing projects, one of the important roles played by his department is to work with sponsors, to identify projects and to develop them. One of the challenges faced by DBSA is a lack of skills within government and SOEs to undertake the planning and feasibility studies phases in order to make projects bankable. He also pointed to the fact that resources are often a problem, since risk adverse commercial banks are not a viable source of funding. That is why state-owned development banks play an important role in unlocking the financing problem, and by prioritising a number of sectors which will have positive socio-economic spin offs (i.e. energy, health, water and transport). He stressed that as a bank the ultimate objective is to finance sustainable and bankable projects. Clarifying the role of development banks is important in this regard to ensure the best outcomes and to avoid conflicts of interest.

20. Permanent Secretary Mr. Mutowo from Zimbabwe’s Ministry of State Enterprises and Parastatals said that the most important aspect for SOEs involved in infrastructure projects is the legal and regulatory framework in which they operate, especially if in sectors opened up to competition.
cited examples from Zimbabwe’s energy, transport, telecommunications and aviation sectors. Zimbabwe recently issued corporate governance guidelines for SOE which has improved these enterprises’ ability to engage in partnerships and solicit private investment (i.e. by improving transparency and requiring financial statements on-time, etc).

21. The question and answer session focused on a number of topics including the importance of well-governed SOEs in PPP projects (World Bank); the downstream benefits of projects for the economy (Namibia, Mozambique); the importance of developing capacities to carry out PPP projects (SADC-DFRC); and the role of independent regulators (Zimbabwe). For what concerns well-governed SOEs, a number of participants emphasized that the success of PPP and other arrangements involving SOEs emanates from good governance of these enterprise, starting from clear objectives (i.e. balancing consumer benefits with involved costs and risks) (Namibia), audited financial statements (Zimbabwe), and a good reputation (Lesotho). On the issue of downstream benefits, some participants underlined the importance of seeing PPP projects benefit the local economy by requiring local content and employment, and supplying from the local SME sector (Namibia, DBSA, PwC-Zimbabwe). In terms of developing capacities to carryout PPP projects, SADC-DFRC reminded participants to exchange with the SADC PPP Network and its aim to build such capacities. Finally, the importance of independent regulators was underlined to ensure fair and consistent regulation for all investing parties. The Chair concluded the session with a discussion revolving around the challenges confronted by SOEs; the kind of projects SOEs are undertaking; the kind of partnerships involved (global and regional, and PPP or other); and the role that development financial institutions are playing. The Chair emphasised that further work needs to be done in this area to address the remaining challenges.

Session 5: What is the role for SOEs in supporting development?

22. The Chair, Mr. Lesego Selotat (Deputy CEO for Operations, CEDA) introduced the session theme on SOEs and development, and suggested that speakers discuss both the challenges and opportunities for governments. The Chair discussed some examples from his own country (Botswana) and called upon the diverse set of institutions represented in the panel to draw on their own countries’ experiences.

23. Hans Christiansen from the OECD Secretariat made an introductory presentation based on the tabled discussion paper. He agreed that SOEs can be used to proactively support development by correcting market failures. However, he also cautioned that government intervention in the market place, especially if over politicized, can crowd out more efficient private sector activities. His presentation drew on country examples from China, Russia, Singapore and Brazil. Going forward, it was suggested that the Network serve as platform to exchange of information and best practices on how SOEs can contribute to development and pitfalls; in addition to covering the role for development banks.

24. Dr. Zhengjun Zhang (Enterprise Research Institute, Development Research Center of the State Council of China) described the Chinese experience with SOE reform and some of the current challenges. In China, there is no clear voice on the role of SOEs supporting development. On the one hand, Chinese leadership has clear goals for growth and this model has a clear feature of using SOEs to remedy market failures. Currently the debate is about how long the State can continue to promote development goals by propping up SOEs, especially in the face of challenges in improving the efficiency of SOEs. Dr. Zhang emphasized that good SOE governance and neutrality in the allocation of resources by the government does matter. As a policy consideration he suggested that other economies evaluate the costs and benefits associated with using SOEs to further development goals. The level of development and institutional environment does matter in the success of such models.

25. Mr. Arto Honkaniemi (Prime Minister’s Office, Ownership Steering Department, Finland) described Finnish ownership policy with regard to different categories of SOEs in Finland. He first
described the Finnish state’s rationale in owning companies, which is based on the premise that owning companies it is not a basic task of the government, but in some cases the state has found it “practical.” In Finland there are three types of companies, those with commercial orientation, those with commercial orientation but with strategic interest, and non-commercial companies with special assignments. He described the nature of special assignment companies, and how the state balances the assignment of such entities with the non-commercial orientation that they have.

26. Mrs. Ayse Yigit (General Directorate of SOEs, Turkish Treasury) described the current major aspects of SOEs, and their classification, structure and different roles in Turkey. She also described the SOEs reform process of Turkey in line with corporate governance principles, and the Turkish government’s vision for SOEs following implementation of reform. She discussed some key sectors (with natural monopoly characteristics) in which SOEs continue to operate. This includes some of the network industries but also in agriculture where the State’s development goals include promoting regional development, employment creation, market regulation and ensuring minimum services/price caps for the benefit of consumers.

27. Mr. Mike Muller from South Africa’s National Planning Commission drew on lessons learnt from the South African experience. Some of the main policy advice suggested include: evaluating the role of development finance institutions; improving coordination between policy and shareholder ministries on development goals; coordinating public instruments; objective leadership; and clear mandates for SOEs. Mr. Muller sees a clear opportunity for the Network to promote financially sound and well-governed SOEs that are to play a role in development.

28. Mr. Ravindra Naidoo, Group Executive with DBSA, described the role that development finance institutions play in national planning and development. In the Southern African context, Mr. Naidoo emphasized the important role that SOEs play in facilitating regional integration and industrialisation, for example by building up regional transport or electricity networks that have important linkages with downstream private activities. As for development banks and industrial development corporations (as SOEs themselves), he underlined the role they play in underwriting or financing big infrastructure projects. That has paved the way for commercial banks to also finance such projects. Mr. Naidoo echoed some of the lesson’s learnt in the South African experience but also touched upon some longer-term issues to consider in terms of the sustainability of financing arrangements for SOE-led development projects.

29. The discussion led to the conclusion that the development state is indeed present among a number of Southern African economies, but the model that is being pursued differs from that of the state-capitalist model pursued by China. The discussion highlighted the importance of the infrastructure sector, in particular, to meet development goals, and the role that development finance institutions should play to further infrastructure projects (Botswana). However, some comments reminded of the financial sustainability of such intervention in the market (Zesco), and how to avoid that DFIs crowd in or out other actors, while also playing a role in risk mitigation (Deloitte-South Africa). Some of the challenges raised by participants included the rational behind continued state-ownership (IoD-Zambia), the categorization of SOEs (including in “strategic” sectors) and how these concepts are dynamic and should be periodically evaluated (Angola, Finland). Participants highlighted that cooperation is needed among SOEs across the SADC region to carry out development projects at the regional level, thus cooperation on shared development goals is essential in this regard (Mozambique, DBSA).

Session 6: Reviving the SOE Network for Southern Africa and the way forward

30. The final session allowed participants to identify Network priorities and brainstorm on two or three concrete outputs going forward. There were no official presentations; discussion was moderated by
Mr. Stuart Kufeni (CEO, SADC-DFRC) who urged for strong regional ownership and participation. The outcome of this session is summarised at the outset of this document.

Closing Remarks

31. Closing remarks were provided by Mr. Berg (Norway), Mr. Naidoo (DBSA) and Mr. Kapumpa (IoD-Zambia). All participants emphasised the strong interest and participation in this new phase of the Network, but also stressed the importance of keeping it sustainable in the long run. Mr. Berg highlighted the value of the Network as a forum to continue discussing key issues in SOE governance faced by practitioners. Mr. Naidoo agreed that there is a clear need for the involvement of DBSA, either as a meeting host and sponsor, or involved in the Taskforce, or in a rotating chairmanship. Mr. Kapumpa drew on the previous phases of the network and encouraged regional leadership for the next phases of the work to take place.