

SOE Network for Southern Africa

Maputo
Mozambique

**The Legal and
Regulatory Framework**

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NORWEGIAN MINISTRY
OF TRADE AND INDUSTRY

State Owned Enterprises – The Legal and Regulatory Framework

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What is a SOEs – a strange animal?

Different legal framework:

- Limited public company Act
- State-owned Enterprises Act
- Special (individual) company Act
- Agency, Crown Corporation
- Government owned entity

NB – The SOE-name includes all companies where a State has a strong shareholding interest

When do we establish a SOE?

- The activity needs freedom to operate under market conditions
- Must regulate its own strategy and budget
- Decides on products and prices
- Operates under competitive conditions
- Competes with the private sector

Why do we establish a SOE?

- Running a business activity is not something a Ministry or the Civil Service does well
- We are trained to treat all citizens as equals, to be just and fair to all
- In business you must be egoistic and profitable, though decent and honest

Separation of roles within the State

- Sector Policy Government Authority
- Supervision and Control Authority
- Management of State Share Holdings

Aims of State Ownership

- National ownership of key companies
- Control over important natural resources
- Secure a stable ownership structure – keeping negative control in key companies
- Control long term growth, industrial development and production in the nation

Corporate Social Responsibility –

Contributes to long-term development

- High ambitions and conscious priority on R&D
- Open and constructive handling of restructuring
- Environmental efforts in entire value chain
- Ethical guidelines, combat corruption
- Equality/diversity/apprentice schemes

Recommendation – Ordinary limited company

- Companies Act – easy to administer
- A legal company structure recognized generally
- General accounting regulations
- Transparency makes it easy to follow the results and development of a SOE, and benchmark it against its private sector competitors
- If social service obligations; decide them through a transparent state budget procedure

Further information on Norwegian State Ownership

- The State's Ownership Report 2007 – www.ownershipreport.net
- The Government's Ownership Policy www.ownershippolicy.net
- Visit us at: www.nhd.no;