

SOE Network for Southern Africa

Maputo
Mozambique

Corporate Governance
in State-Owned
Enterprises in
Mozambique

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Corporate Governance in State-Owned Enterprises in Mozambique

Current Challenges and Opportunities

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Corporate Governance in SOE's in Mozambique

Presentation Outline

- I. Vision, Mission and General Objective
- II. Strategic Plan 2008-2010 (Phase I)
- III. IGEPE's Portfolio
- IV. Challenges and Opportunities

I. Vision, Mission and General Objective

Vision

To be a centre of excellence in promoting and managing State corporate shareholding in the framework of national development.

I. Vision, Mission and General Objective (cont)

Mission

Manage State shares in compliance with good governance principles and promote new investment initiatives.

General Objective

Strengthening intervention in management of State corporate sector with a view to increase revenues deriving from dividends in Government Linked Companies (GLC's).

II. The Strategic Plan

After six years of starting its activities IGEPE is currently engaged in implementing its Strategic Plan from 2008 to 2010 (Phase I), which includes, among other important points:

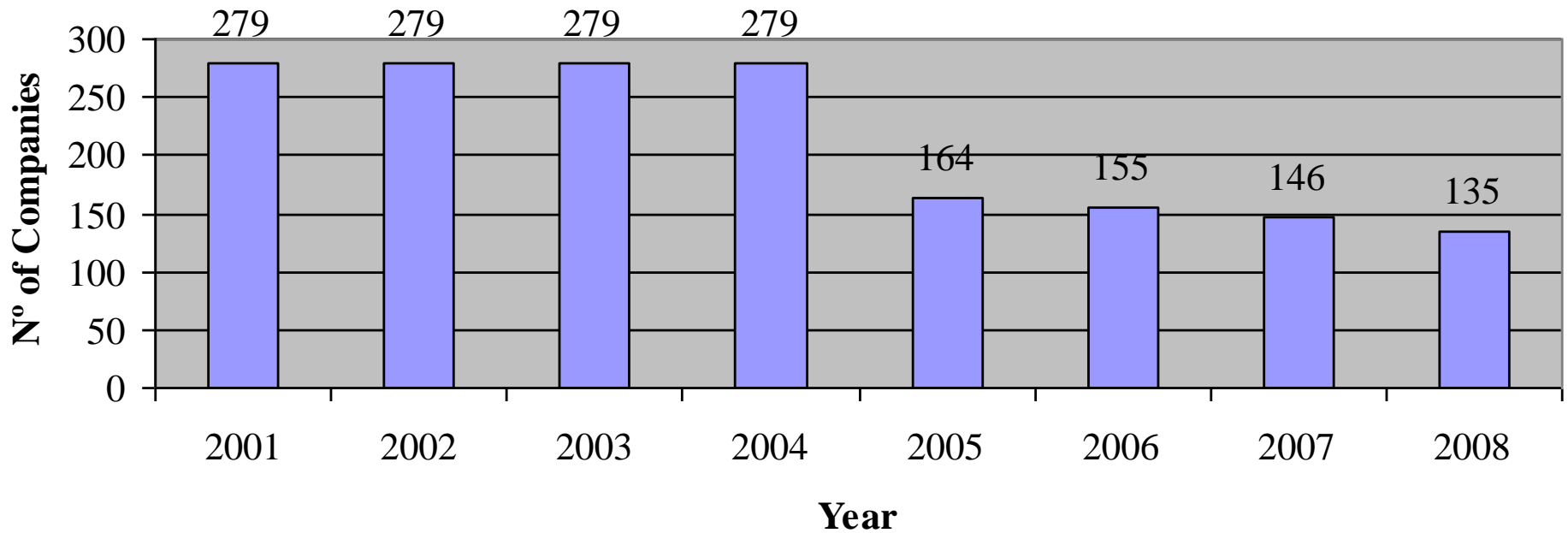
- Strengthening the institutional capacity of IGEPE;
- Restructuring the Portfolio of GLC's in order to identify those with profitability capacity;

II. The Strategic Plan

- Contributing to improvement of operational, financial and organizational performance of the GLC's;
- Influencing the Boards of Directors to adopt good governance principles and strategic management of their companies.

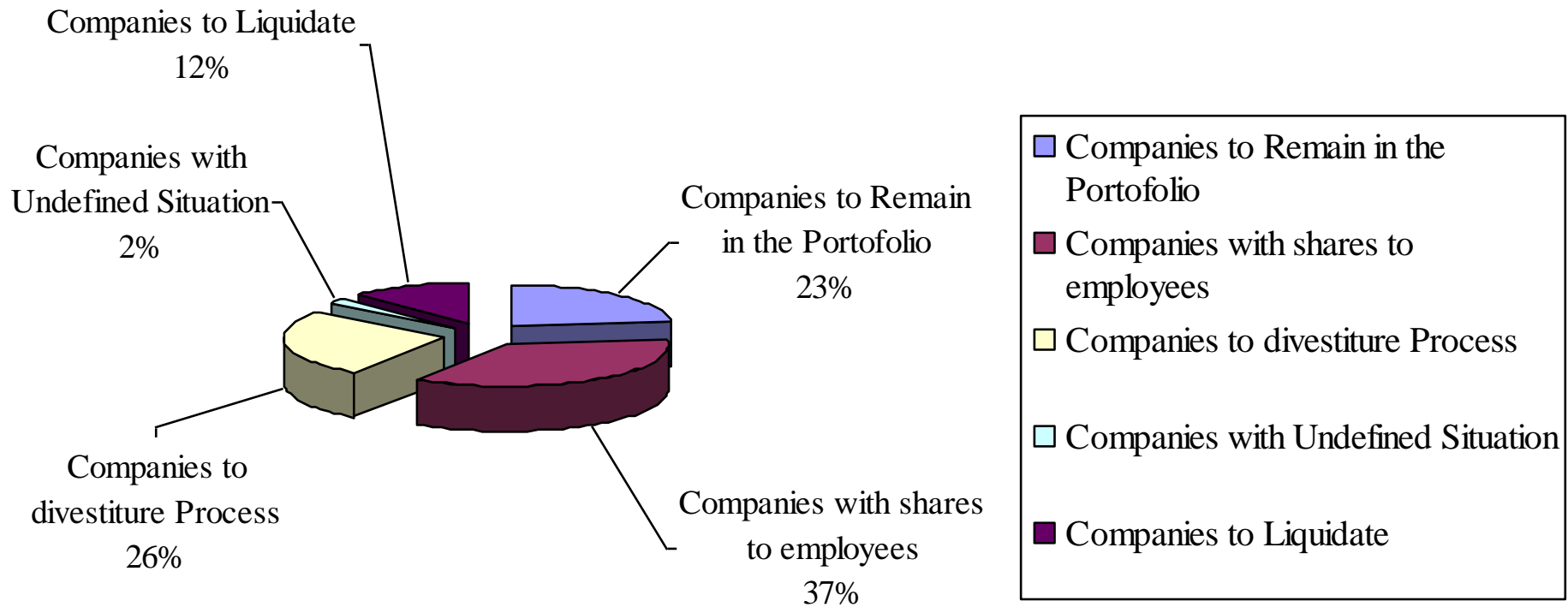
III. IGEPE's Portfolio

PORTFOLIO EVOLUTION



III. IGEPE's Portfolio (cont)

PORTFOLIO DISTRIBUTION



III. IGEPE's Portfolio (cont)

Main Intervention

- Training of the public managers and government representatives in good governance and strategic management issues;
- Defining the responsibilities for Board members where the State has the right to appoint its representatives and public managers;

III. IGEPE's Portfolio (cont)

- Establishing partnerships with other institutions engaged on promoting good governance principles (Ex. IoD Moz; IBGC Brazil);
- Supporting, with appropriate advise, the board members for the accomplishment of their responsibilities;
- Stimulating the update of GLC's articles of association, based on the Commercial Code in force in Mozambique and good governance principles.

III. IGEPE's Portfolio (cont)

Some Results

- Improvement of IGEPE's capacity to monitor GLC's performance;
- Some GLC's disclose regularly reports on performance management;

III. IGEPE's Portfolio (cont

- Some GLC's start to incorporate good practices into their own operations (External audits, regular meetings of the boards);
- Improvement of profitability and an increasing number of them declaring dividends.

IV. Challenges and Opportunities

- Contribute to the reform of the current Law governing some specific SOE's;
- Develop and discuss with related parties the Guidelines and Policies of Corporate Governance in line with global good practices (IGEPE's proposal);
- Encourage the implementation of IAS/IFRS

IV. Challenges and Opportunities (Cont.)

- Establish the standard data and results evaluation procedures for company's report review
- Strengthen continuously the capacity for data management to support the decision process at the ownership entity level
- Promote the adoption of risk management as part of the management models of the GLC's;

IV. Challenges and Opportunities (Cont.)

- Clear demarcation of the different roles of the State as the Regulator, Manager and Owner;
- Keep ourselves continuously updated with the evolution of management models;
- Develop and implement criteria of remuneration policy for public managers and Government representatives.

Thank You!