



private sector | development

# **Corporate Governance Department World Bank Group**

## **The Organization of the Function of Ownership by the State**

Olivier Frémond

New Delhi

Corporate Governance Department

The World Bank Group

February 2006

# The different functions of the State

private sector | development

- Standard setter
- Delivery of public services
- Policy setting
- Customer
- The role of shareholder

- The function of ownership is the only function of the State that is truly specific to SOEs
  - To ensure that that the regulatory, policy setting and ownership functions of the state are properly fulfilled, each function should be separated within the organization of the government
- **To each function its own organization**

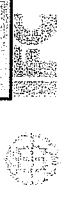
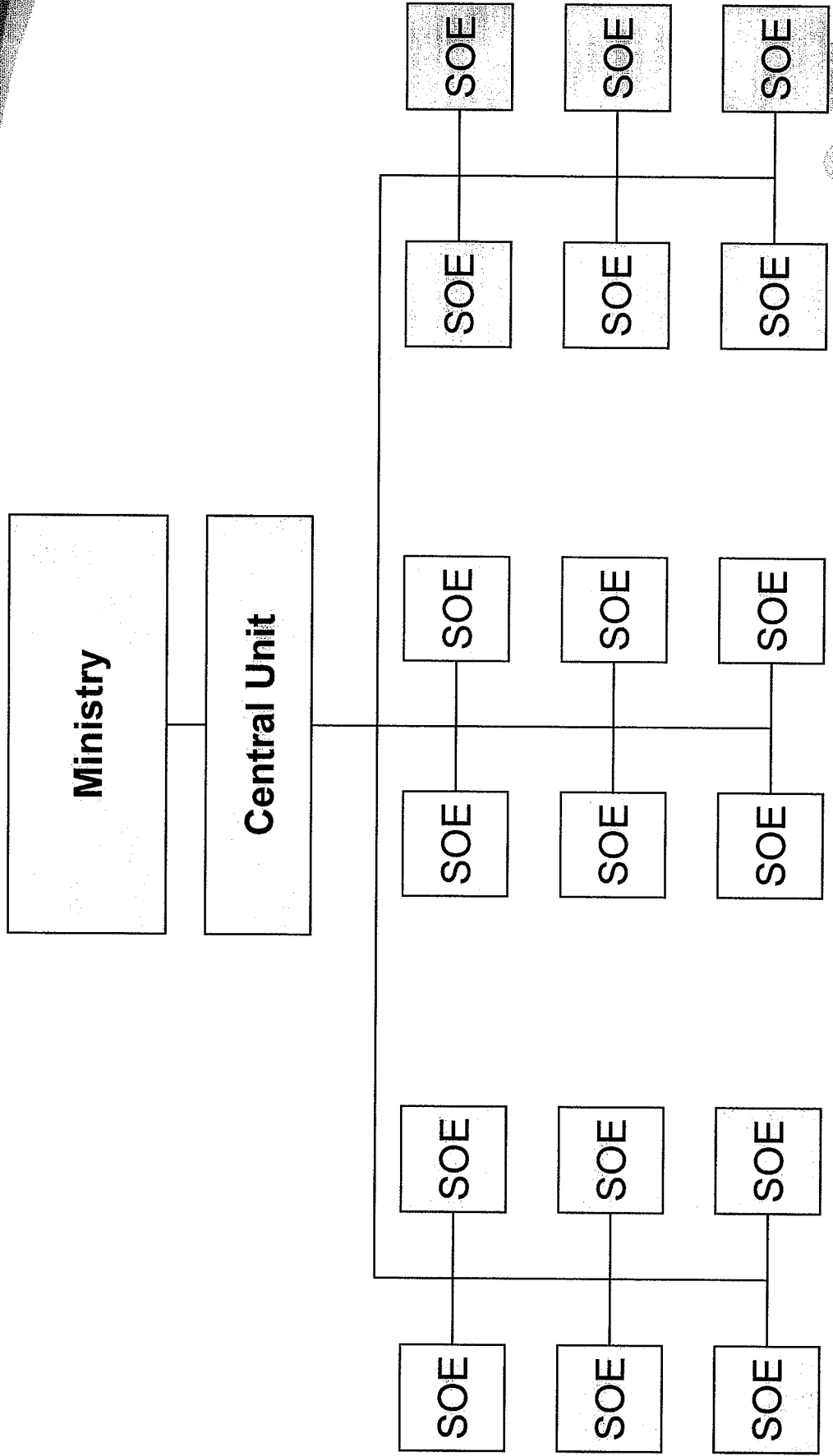
# The organization of the ownership function

private sector | development

- The centralized model
- The decentralized model
- The dual or bicameral model

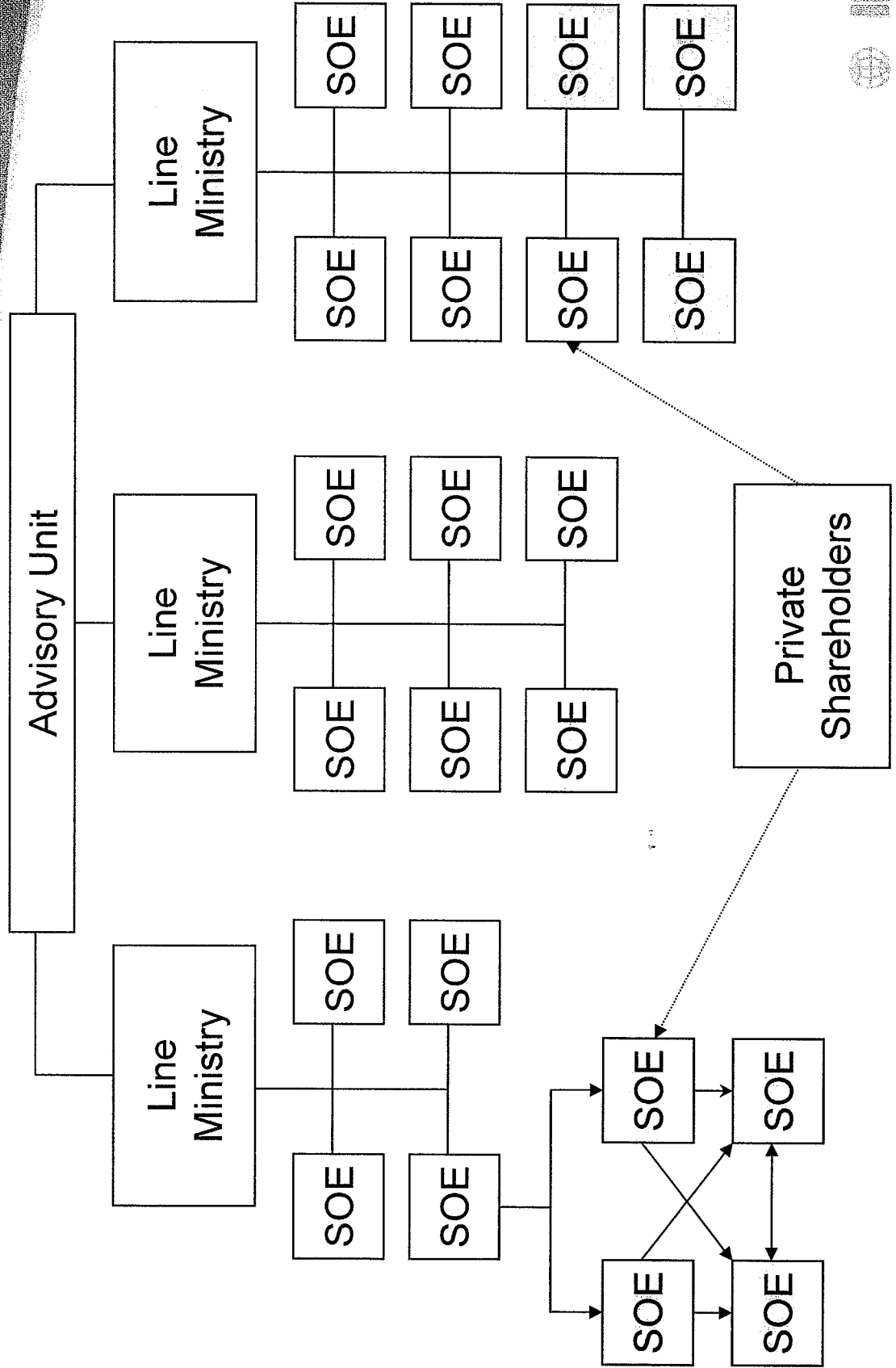
# The centralized model

private sector | development



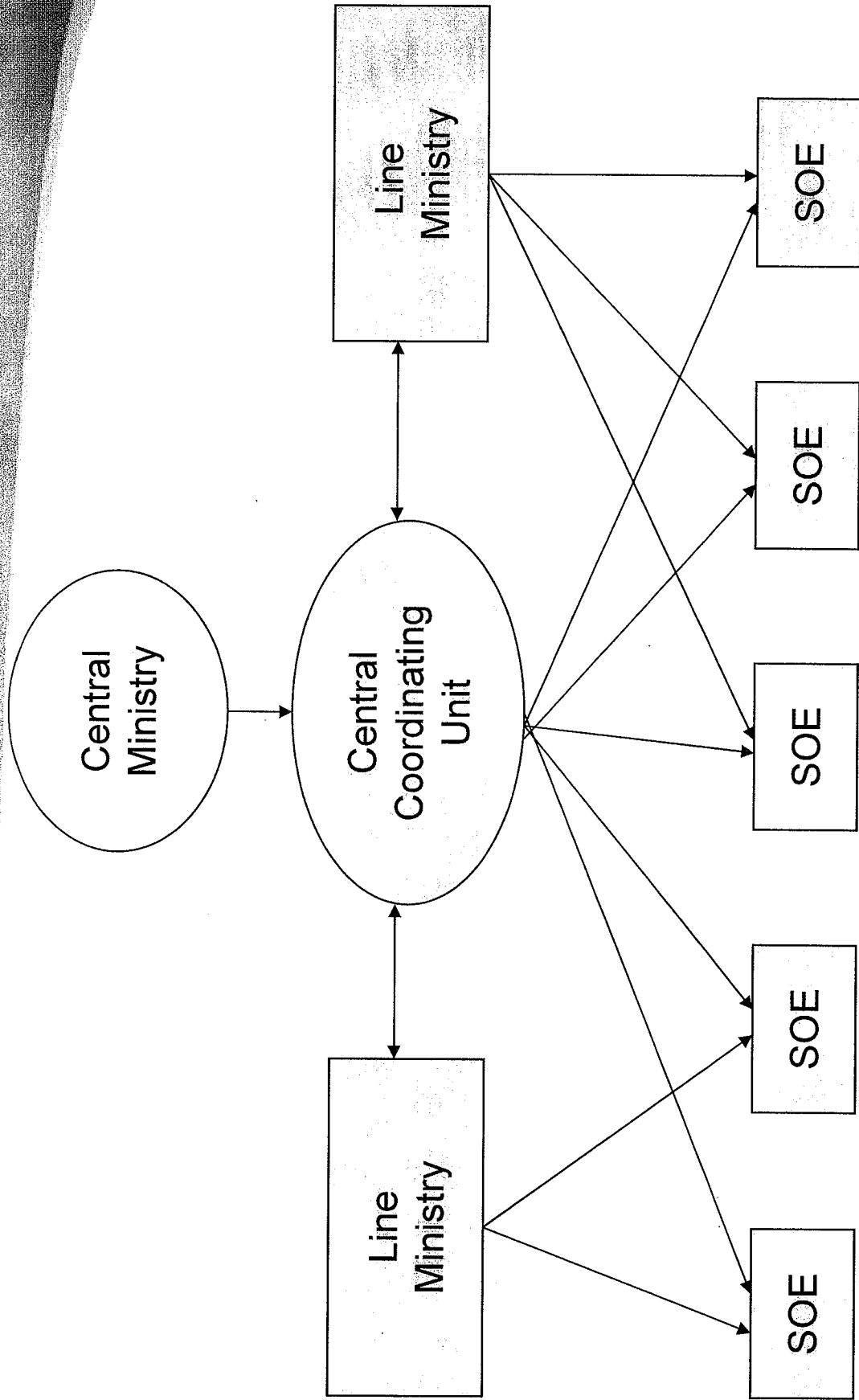
# The decentralized model

private sector | development



# The dual/bicameral model

private sector | development



- Clear separation between the State's ownership function and other State functions
- “The exercise of ownership rights should be clearly identified within the state administration. This may be facilitated by setting up a coordination entity, or more appropriately, by the centralization of the ownership function.”