

Preface

Globalisation, technological development and increased competition have changed the conditions for many state-owned enterprises (SOEs). As a consequence, the state as an owner has had to adapt its portfolio of companies over time – reflecting also changing rationales for state ownership. The OECD does not take a position on whether or not the state should own enterprises, which should be dependent on a number of factors related to the national economy as well as domestic policy choices. However, experience shows that the SOE sector can either promote or hamper economic and social development. This depends on the extent to which SOEs operate in a sound regulatory and competition environment. It also depends on good governance – the state acting as a professional and active owner plays a key role in this regard.

Privatisation is complex and challenging, and it needs to be done right. It requires adequate preparation and planning, as well as careful execution. With over 40 years of national experiences with privatisations across the OECD area and beyond, practitioners and policy makers can learn from each other's experiences, pitfalls and successes.

Drawing on accumulated experiences and case examples, this *Policy Maker's Guide to Privatisation* provides practical advice to decision-makers on the key stages of privatisation from start to finish. It addresses fundamental questions policy makers should ask themselves before embarking on the process; steps to take to prepare a sale; steps to take during the sale – addressing key topics such as valuation and pricing; as well as what to expect post-privatisation. Newcomers to the process are likely to find it especially useful.

A number of countries are in the process of reforming the way in which they organise and manage their SOEs. They often take the internationally agreed *OECD Guidelines on Corporate Governance of State-Owned Enterprises* as a point of departure. The present Guide is an important complement to the existing consensus on state ownership practices expressed in the Guidelines. It underlines key tenants including good corporate governance, transparency, and integrity – which are all key ingredients to successful privatisations.

The OECD Working Party on State Ownership and Privatisation Practices codifies best practice and monitors SOE-related developments and policy making, and it provides a forum where policy makers and practitioners can turn to for advice. An increasing number of countries participate in this forum and use OECD experiences as inspiration for their national reform processes and privatisations.

Government investments and divestments in the corporate sector happen all the time, so the question of efficiently privatising continues to impose itself. I invite the engagement of national policy makers with the Working Party, and I recommend this Guide as an introduction to our thinking on this important subject.



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