

Hosted by



# IV Meeting of the Latin American Network on Corporate Governance of State-Owned Enterprises

2-3 June, 2015

*Economic Commission for Latin America and the Caribbean (ECLAC)*

*United Nations*

*Av. Dag Hammarskjöld 3477, Vitacura*

*Santiago, Chile*

## AGENDA

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## Background and Objectives of the Latin American Network on Corporate Governance of State-Owned Enterprises

The OECD, CAF - Latin American development bank - and World Bank are co-organizing this fourth meeting of the **Latin American Network on Corporate Governance of State-Owned Enterprises (the Network)** with the support of the Spanish Government, the National Commission for Capital Markets (CNMV), the Economic Commission for Latin America and the Caribbean (ECLAC), and University of Chile Centre for Corporate Governance and Capital Markets. Chile's System of Public Enterprises (SEP) is serving as this year's host, with the sponsorship of Codelco, Metro, Empresa Portuaria San Antonio, Empresa Portuaria Valparaíso and Zofri.

The objective of the *Network* is to enhance SOE governance in Latin America through an ongoing exchange of experience and knowledge on SOE governance policies, practices and reforms, using the OECD Guidelines on Corporate Governance of State-Owned Enterprises as the main conceptual framework for discussion. Building on the OECD's Guidelines, CAF's Guidelines for Good Corporate Governance of SOEs provide an additional useful reference adapted to the Latin American context. The *Network* provides a forum to leverage the experience of a range of governments and other institutions to share knowledge on policy, institutional frameworks and best practices to support corporate governance improvements in SOEs across the region.

The *Network* builds upon a well-established record of partnering with like-minded institutions, working with policy-makers and other relevant officials concerned with SOE governance throughout the world to support governance reform. Jointly with key regional and global players, the OECD has established focused networks in Asia, the Middle East and North Africa, and Southern Africa which provide an ongoing platform for a structured exchange of recent reform experiences in key areas for good SOE governance. The more specific objectives of the *Network* are:

- to raise awareness of all concerned constituencies on the importance and challenges related to the good corporate governance of SOEs;
- to evaluate current SOE corporate governance policy frameworks and practices, and benchmark these against international best practices as described in the Guidelines;
- to influence policy making by providing a forum in which policy makers, practitioners and experts can share knowledge and experience among peers;
- to support viable and effective reforms, by discussing and analysing policy options, developing relevant recommendations and agreeing on priorities for reforms.

The **Network** will meet yearly (subject to sufficient budget) in a different Latin American country as a high-level regional hub for a structured policy dialogue on corporate governance of SOEs.

### *Guidance for chairs, moderators, speakers and participants*

Moderators are invited to encourage open discussion among all participants, to maintain the focus on the theme of their session and to be strict in managing time. The objective is to stimulate reflection and encourage an active exchange of views and experience on the discussed issues among all participants. **Speakers** are reminded that their presentations should be no longer than 10 minutes and should be designed to help frame the discussion. Please limit the use of slides to a maximum of 5 slides, which should be provided to the OECD or CAF in advance, so they can be made available on-line.

***Simultaneous interpretation will be provided between Spanish and English.***

DAY 1

Tuesday 2 June 2015

8:15-9:00 *Registration/Coffee*

9:00-9:40 **Welcoming remarks**

- Ministry of Finance, Chile
- **Antonio Prado**, Deputy Executive Secretary, ECLAC
- **Juan Munguira**, Bureau member of the OECD Working Party on State Ownership and Privatisation Practices, CNMV, Spain
- **Juan Carlos Elorza**, Acting Director of Public Policies and Competitiveness, CAF
- **Javier Zuleta**, Country Representative for Chile, World Bank

9:40-10:40 **Session 1: The new OECD Guidelines on Corporate Governance of State-Owned Enterprises: What has changed and what do governments and SOEs need to know about them?**

*Moderator and introductory speaker:* **Sara Sultan**, Policy Analyst, Secretariat to the OECD Working Party on State Ownership and Privatisation

*Commentators and discussion:*

- **Lars Erik Fredriksson**, Division for State-Owned Enterprises, Swedish Ministry of Enterprise and Innovation
- **Alejandro Diaz**, Manager of Internal Control, Sindicatura General de la Nación, Argentina

10:40-11:10 *Coffee break*

11:10-12:45 **Session 2: SOE Reform Progress in Latin America: Government-led Initiatives to Strengthen Governance Co-ordination and Practices**

*Moderator:* **Andrés Bernal**, Governance Consultants, Colombia

*Speakers*

- **Carlos Alvarez**, Chair, Public Enterprise System (SEP), Chile
- **Elvio Brizuela**, Dirección General de Empresas Publicas (DGEP), Paraguay
- **Angela Cáceres**, Head of the Investment Banking Subdirectorate, Ministry of Finance and Public Credit, Colombia
- **Elizabeth Castañeda Osorio**, Technical Director, Municipality of Medellín

*Summary*

*This session will provide an opportunity to review and discuss new developments in the region to strengthen co-ordination of state-owned enterprises, including promotion of good SOE governance practices, looking at the national reform strategies of Chile, Paraguay and Colombia, as well as the local government initiative of the city of Medellín.*

*Key questions*

- *What do presenting countries see as most important priorities and greatest challenges for implementation of their national strategies for SOE reform and for strengthening of their effectiveness?*
- *What do other countries see from these experiences that are relevant or applicable to their own reform strategies?*

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12:45-14:15 *Lunch break*

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14:15-15:45 **Session 3: Building Effective Boards in Latin American SOEs: Benchmarking Progress**

*Moderator and introductory speaker: Santiago Chaher, Cefeidas Group, Argentina*

*Speakers*

- **Cristina Orellana**, Executive Director, Public Enterprise System (SEP), Chile
- **Greivin Hernandez Gonzales**, Office of the Presidency, Costa Rica
- **Santiago Arbelaez Mejia**, Ministry of Defense, Colombia
- **Sara Sultan**, Policy Analyst, OECD Corporate Affairs Division

*Summary*

*The OECD will seek updates from participating countries to its 2012 questionnaire on this topic, addressing such issues as how to develop transparent and skills-based nomination processes, how countries are taking into account objectives for board diversity, training and board evaluation. Consultant Santiago Chaher will present the overall results of the survey before hearing about specific initiatives and progress achieved in Chile, Costa Rica and Colombia, as well as OECD country experience.*

*Key questions*

- *How have practices related to board composition, training, evaluation and other measures relevant to building effective boards changed since the last time the Network surveyed Latin American countries in 2012?*
  - *Are there region-wide trends or only more isolated cases of improvements? How do these compare to practices in OECD countries?*
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15:45–16:00 *Coffee break*

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16:00-17:45 **Session 4: SOE Case Studies**

*Moderator: Fanny Weiner, Public Sector Management Specialist, World Bank*

*Speakers*

- **Oscar Landerretche**, Chairman of the Board, Codelco, Chile
- **Ron Snipeliski**, General Director in the Fiscal Attorney's office of the Ministry of Finance, Mexico, on PEMEX and the Federal Electricity Commission (CFE)
- **Virginia Baffigo**, Executive President, Seguro Social de Salud del Perú – Essalud
- **Flavia Mouta Fernandes**, Issuer Regulation Director, BM&F BOVESPA, Brazil

*Summary*

*This session will be devoted to an exploration of SOE-level corporate governance improvements focused particularly on improving board composition and effectiveness. Presentations may touch upon not only board reforms but other relevant reforms achieved or planned for Codelco in Chile, PEMEX and CFE in Mexico, Peru's Social Security SOE, and an innovative initiative by the BM&F BOVESPA to promote corporate governance improvements for listed SOEs.*

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20:30 **Dinner:** Meeting participants are cordially invited to a dinner hosted by SEP at the Ibis de Puerto Varas Restaurant

**Dress code:** casual

**Address:** Monseñor Escrivá de Balaguer 6400, Borde Río, Vitacura

<http://www.ibisdepuertovaras.cl/>

Transportation will be available departing from the Atton Hotel to the restaurant at 20:00.

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9:00-09:45

**Session 5: Benchmarking Transparency Practices in Latin American SOEs***Moderator:*

- **Georgina Núñez**, Economic Affairs Officer, ECLAC

*Introductory Speaker:*

- **Andrés Oneto**, Principal Executive, CAF

*Commentator:*

- **Adriane dos Santos de Almeida**, Superintendent, Brazil Institute of Corporate Governance (IBGC)

*Summary*

CAF has completed a study based on a regional survey on the level of transparency on corporate governance principles that SOEs currently have, based on public information. The overall results and major conclusions will be presented in this session.

9:45-11:15

**Session 6: Budgeting and Investment Frameworks for SOEs: An Overview**

*Moderator and Introductory Speaker:* **Daniel Blume**, Senior Policy Analyst, OECD Corporate Affairs division

*Speakers*

- **Patricia Elliot Blas**, CEO, FONAFE, Peru
- **Graciela Patricia Pérez Montero Gotusso**, Division Director, Public Enterprises Division, Uruguay
- **Pedro Cunto**, SOE Budget Co-ordinator, Department of Co-ordination and Governance of SOEs (DEST), Ministry of Planning, Budget and Management, Brazil
- **Lars Erik Fredriksson**, Division for State-Owned Enterprises, Swedish Ministry of Enterprise and Innovation

*Summary*

In principle, a commercially-oriented SOE should be self-financing, with its profits returned to its owners as dividends. Separate financing arrangements may be necessary to fund capital investments under market conditions that ensure a level playing field with private sector competitors. This budgetary framework may be further complicated by state requirements that an SOE also pursue non-commercial public policy or public service objectives which may require additional state funding. A background report based on questionnaire responses on Latin American government frameworks for SOE budgeting and investment will be used to better understand the current state of budget and financial oversight by the state as SOE owner, and will provide background for this session.

*Key questions*

- What is the role of the Ministry of Finance, Budget or other oversight ministry, and how much autonomy do SOEs have to determine their own budgets and investment strategies?
- What sources (e.g. the state budget, development bank financing, or equity or debt financing from the market) are used to fund SOE investment?
- Are non-commercial public service objectives that may not be viable from an economic standpoint separately funded by the government and accounted for?

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11:15-11:35 **Coffee break**

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11:35-12:15 **Session 7: The OECD Trust and Business Initiative: What Role Can Corporate Governance Play in Ensuring SOE Integrity?**

*Introductory speaker:* **Daniel Blume**, OECD Corporate Affairs Division

*Commentator:*

- **Hugo Caneo**, Director of Research, University of Chile Centre for Corporate Governance and Capital Markets

*Summary*

*The OECD has launched a cross-cutting initiative focusing on the role of corporate governance in companies' efforts to ensure that they operate with integrity, drawing upon a range of OECD work dealing with such issues as responsible business conduct, respect for free competition, prevention of bribery and other initiatives aimed at supporting trust in business. The Secretariat will report on the initial results of this initiative and invite discussion on its preliminary findings.*

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12:15-13:00 **Conclusions and Next Steps**

*Co-Moderators:* **Andrés Oneto** (CAF) and **Daniel Blume** (OECD)

Open discussion

*Summary*

*This session will be devoted to discussing conclusions and priority areas for further SOE governance reform. Participants will be invited to consider their visions for how the Network can support their SOE governance improvement efforts not just for next year, but looking ahead to longer-term aims of where they would like to be in 5-10 years, and how OECD, CAF and the World Bank can help support these objectives on a sustainable basis.*

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