5th Meeting of the Latin American Network on Corporate Governance of State-Owned Enterprises

30 November - 1 December, 2017
Bogota, Colombia

AGENDA

With the support of:
Background and Objectives of the Latin American Network on Corporate Governance of State-Owned Enterprises

The OECD and CAF - Latin American development bank - are co-organizing this fifth meeting of the Latin American Network on Corporate Governance of State-Owned Enterprises (the Network) with the support of the Spanish Government and the World Bank Group. The Ministry of Finance and Public Credit (MHCP) will serve as this year's host with additional local sponsors to be confirmed. This year's meeting will focus particularly on the themes of transparency, board performance and integrity of SOEs.

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 a Global Knowledge Sharing Network as well as regional networks in Asia, the Middle East and North Africa, Russia 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 Latin American 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 meets 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 Powerpoint to a maximum of 5 slides, which should be provided to the OECD in advance, so they can be made available on-line.

*Simultaneous interpretation will be provided between Spanish and English.*
<table>
<thead>
<tr>
<th>DAY 1</th>
<th>30 November, 2017</th>
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<tbody>
<tr>
<td>8:15-9:00</td>
<td>Registration/Coffee</td>
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<tr>
<td>9:00-9:30</td>
<td>Welcoming remarks</td>
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<tr>
<td>- Gabriel Cifuentes Ghidini, Secretary of Transparency of the Presidency of Colombia</td>
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<td>- Lars Erik Fredriksson, Chair of the OECD Working Party on State Ownership and Privatisation Practices, Sweden</td>
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<td>- Carolina España, Resident Director in Colombia, CAF</td>
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<tr>
<td>9:30 - 11:15</td>
<td>Session 1: Strengthening SOE performance and accountability: recent experience with government-wide reforms</td>
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<td><strong>Moderator:</strong> Daniel Blume, Senior Policy Analyst, OECD</td>
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<td><strong>Lead speakers:</strong></td>
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<td>- Bernardita Escobar, President, System of Public Enterprises (SEP), Chile</td>
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<td>- Elvio Brizuela, Director, Ministry of Finance, Paraguay</td>
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<td>- Elvira Mariane Schulz, General Co-ordinator of Valuation and Monitoring of SOEs, Secretariat for Governance and Co-ordination of SOEs, Ministry of Planning, Budget and Management, Brazil</td>
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<td>- Sebastian López Azumendi, Senior Advisor, Office of the Cabinet of Ministers, Ministry of the Presidency, Argentina</td>
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<td><strong>Summary</strong></td>
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<td>Moderated by the OECD, this first session will focus on government policy and the challenges ownership ministries and/or co-ordinating institutions face when undertaking government-wide reforms to promote SOE performance and accountability.</td>
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<td><strong>Background references:</strong></td>
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<tr>
<td>OECD Guidelines on Corporate Governance of State-Owned Enterprises (English, Spanish)</td>
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<td>CAF Lineamientos para el buen gobierno corporativo de las empresas del Estado (Spanish)</td>
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<td>CAF- Corporate Governance in Latin America. Importance for State Owned Enterprises SOEs (English, Spanish)</td>
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<td>Corporate Governance of SOEs in Latin America (2014), World Bank (English, Spanish)</td>
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<td><strong>Key questions</strong></td>
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<td>- What are the main challenges ownership entities face for strengthening SOE performance and accountability?</td>
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<td>- Key obstacles and lessons learned.</td>
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<td>11:15 to 11:35</td>
<td>Coffee break</td>
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11:35 - 13:00  **Session 2: Disclosure and performance: developments in aggregate reporting and tracking of performance**

*Moderator: Henri Fortin, World Bank*

*Lead Speakers*
- Camilo Barco, General Director of State Ownership, MHCP, Colombia
- Michel Macara-Chvili, CEO of FONAFE, Peru
- Lars Erik Fredriksson, Chair of OECD Working Party on State Ownership and Privatisation Practices, Sweden
- Graciela Pérez Montero, Office of Planning and Budget, Uruguay

*Summary*

The OECD Guidelines on Corporate Governance of SOEs provide a number of recommendations regarding reporting on performance, including the publication of aggregate reports on the performance of all SOEs owned by the government, including information on financial performance, as well as information on individual SOEs, their main objectives, board composition and other key developments. Governments are also recommended to set up reporting systems that allow the ownership entity to regularly monitor, audit and assess SOE performance, and to oversee and monitor their compliance with applicable corporate governance standards. This session will be devoted to discussing relevant initiatives in the region and in OECD countries to address these recommendations.

*Background references:*


*Transparency in the Corporate Governance of State-Owned Enterprises in Latin America*, CAF [English, Spanish](http://example.com)

*Key questions*
- What are the specific challenges to developing useful and informative aggregate reporting on SOE performance in Latin American countries? What lessons may be learned from initial efforts to develop such reports?
- Beyond standard indicators of financial performance, what types of non-financial indicators should be disclosed to the public regarding SOE performance?

13:00-14:30  **Lunch break**

14:30 - 16:00  **Session 3: Building Effective Boards in Latin American SOEs: Benchmarking Progress**

*Moderator: Andrés Bernal, Governance Consultant*

*Lead Speakers*
- Andrés Oneto, Principal Executive – Department of Productive development and Finance, CAF
- Sergio Alfaro, Minister of the Presidency, Costa Rica
- José Javier Perez Mejia, Vice Minister of Defence, Ministry of Defence, Colombia
- Marcelo Tokman, General Manager, ENAP, Chile
Summary

The OECD undertook a survey of frameworks for board nomination and promotion of effective board performance in 2015, and CAF subsequently undertook a review of practices at SOE level, published in 2017, which will be presented to lead off the session before discussing more specific board reform initiatives. This session will also be used to introduce the breakout group discussions on boards that will follow the coffee break.

Background references:

Effectiveness and Structure of Boards of Directors at State-owned Enterprises in Latin America and the Caribbean, CAF (English, Spanish)


Key questions

- What recent initiatives have been taken to strengthen board composition and board practices in Latin American SOEs?
- Are there region-wide trends or only more isolated cases of improvements? How do these compare to practices in OECD countries?

Coffee break

Session 4: Breakout group discussions on strengthening boards

Summary

During this session, individual breakout sessions will be organized in three separate meeting rooms to allow for more in-depth and informal discussion on good practices for development of effective boards.

Breakout Group 1:

The first group will focus on government policy and the challenges ownership ministries and/or co-ordinating institutions face when undertaking government-wide reforms on SOE performance and accountability. Topics of discussion include identifying criteria and selection/nomination processes for board members, as well as obstacles and how best to overcome them to create professional, non-political boards and to giving the board the authority it needs to do an effective job. This breakout group will be open to government representatives only.

Moderator: Daniel Blume, Senior Policy Analyst, OECD

Rapporteur: Juan Munguira, Bureau Member, Working Party on State Ownership and Privatisation Practices, Legal Adviser, Spanish Securities commission CNMV, Spain
Breakout Group 2:
Breakout group two will focus on good practices at SOE level and more particularly, on what management and boards can do themselves, independent of government ownership institutions, to strengthen the effectiveness of boards, which may cover such issues as board evaluation, board meeting dynamics, information flow, training and induction, etc.

Moderator: Andrés Oneto, Principal Executive - Department of Productive Development and Finance, CAF

Lead speaker: Gustavo Gaviria, SOE board member, Colombia

Breakout Group 3:
The third breakout group will focus on the bottom-up perspective of management and board member policy advice to owners on a) mitigating conflicts of interest, and ensuring that board members and managers have sufficient legal and liability protections to enable them to act in the company’s interests when politically motivated interventions may conflict with the company’s commercial and public policy-related mandates; and b) considering best practices from the private sector that may be equally applicable to SOEs, and what adaptations may be necessary to ensure appropriate consideration of the government’s interests as an owner to also achieve socio-political objectives (i.e. how to build trust through clear reporting on performance results, targets and strategy, or how to convince them to give more autonomy for decisions that sometimes are excessively micromanaged, such as regarding procurement or personnel decisions).

Moderator: Francisco Prada, Corporate Governance Latin America and the Caribbean, International Finance Corporation/World Bank Group

Lead speaker: Representative of Bancóldex, Colombia

19:00
Cocktail sponsored by the Grupo de Energía Bogotá S.A. ESP

Dress code: casual

Address: 7.16 Steak House, Calle 119B # 6-28 Tel. (+571) 2134271 http://www.716.com.co/

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<th>DAY 2</th>
<th>1 December, 2017</th>
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<td>9:00 - 9:45</td>
<td>Remarks from Mauricio Cardenas, Minister of Finance and Public Credit (MHCP), Colombia</td>
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<td>9:45 – 10:15</td>
<td>Session 5: Presentations of breakout session results</td>
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<td>Designated rapporteurs from the three breakout sessions on strengthening SOE boards will report on the key conclusions and issues discussed in each of their sessions</td>
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Session 6: Case Studies on SOE reform

These cases will focus particularly on how they have built up effective boards or achieved a focus on better performance.

Moderator: Georgina Nunez, ECLAC, United Nations

Speakers
- Flávio Ferreira Presser, CEO, CORSAN, Brazilian SOE
- Astrid Álvarez Hernández, Board Chair, Empresa Energía de Bogota (EEB), Colombia
- Verónica López, Board Director, SBASE, Buenos Aires, Argentinean SOE

11:15-11:40 Coffee break

Session 7: OECD and Latin America: Frameworks for Anti-Corruption and Integrity

Moderator and Introductory Speakers:
- Hans Christiansen, Senior Economist, and Arijete Idrizi, research analyst, OECD

Commentators:
- Guillermo Lecona, Deputy Attorney for Legislation, Ministry of Finance, Mexico
- Mora Kantor, Under Secretary of Integrity and Transparency at the Anticorruption Office, Ministry of Justice, Argentina
- Sunita Kikeri, lead financial sector specialist, World Bank

Background reference:
OECD Latin American Survey on Integrity and Anti-Corruption (not available on-line, to be e-mailed to participants before meeting)

Summary

OECD is undertaking new research based on a survey of OECD and Latin American governments and selected SOEs on frameworks and practices to prevent corruption and ensure integrity in SOEs. The OECD is also considering the development of more specific guidelines on this issue. This session will provide an opportunity to present the results and to obtain input from the Latin American region on the survey and guidelines initiative.

12:45-13:00 Conclusions and Next Steps

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

Lead speakers
- Juan Antonio Aliaga Méndez, General Secretariat of Treasury and Finance Policy, Ministry of Economy and Competitiveness, Spain

Summary

This session will be devoted to discussing conclusions and priority areas for SOE governance reform and possible follow-up of the SOE Network.