

Corporate Governance in Eurasia: A Comparative Overview

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The Eurasian Roundtable Process

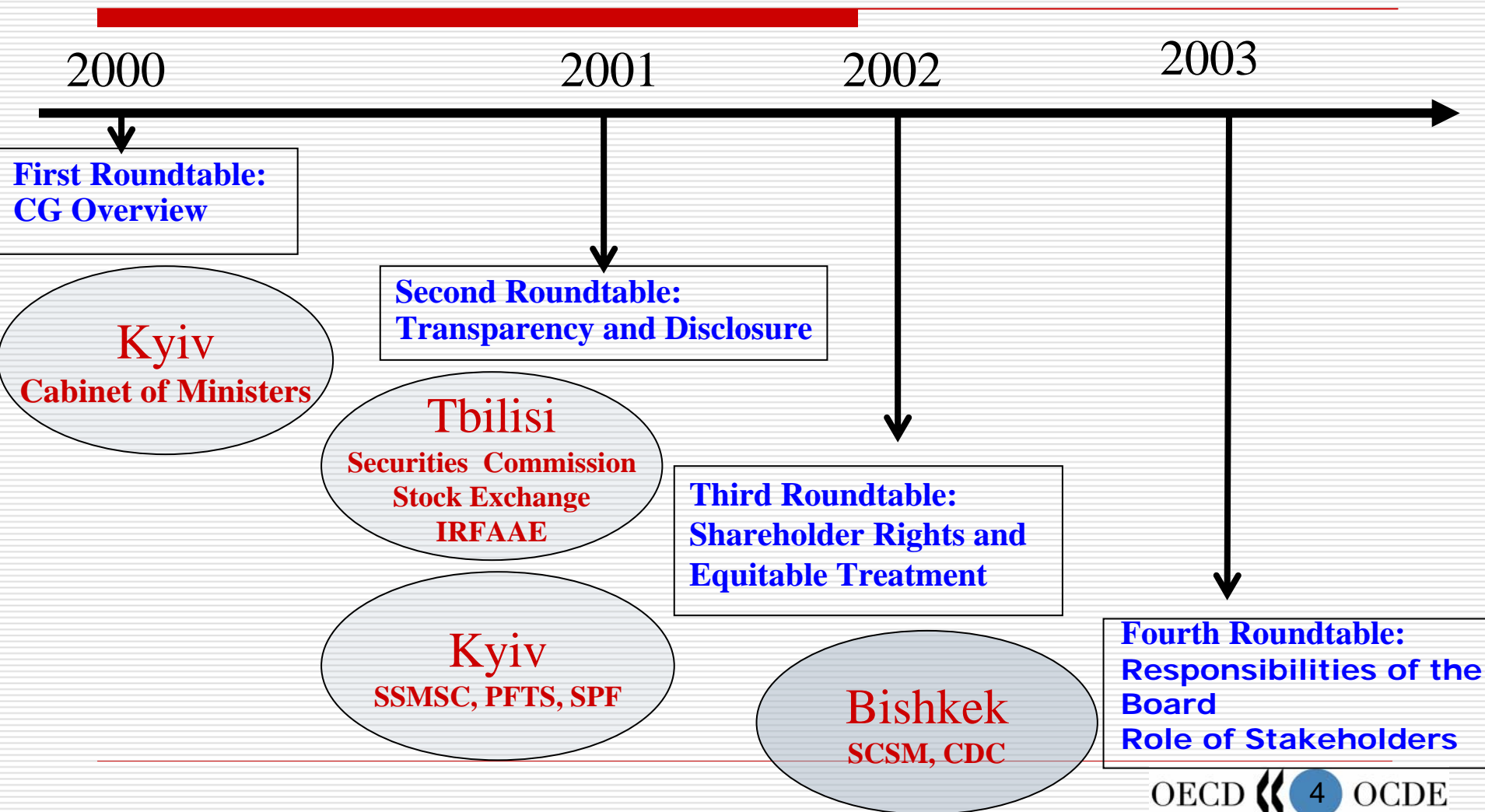
Main Priorities

Next Steps

The Eurasian Roundtable is a part of the OECD and the World Bank initiative to organise and lead five regional roundtable to raise awareness and to develop regional self-assessments of CG successes and areas for future reforms

- **Regions** Asia, Russia, Latin America, South-eastern Europe, Eurasia
- **Format** Peer discussion among senior policy makers, academics and businessmen using the OECD Principles for CG as a conceptual framework
- **Goals** Policy dialogue on realising the OECD Principles in each country of the region; Self-assessment and regional comparison of successes and areas requiring further effort; Knowledge sharing and networking among key regional decision makers
- **Output** White paper or comparative paper describing the state of CG in region and identifying areas for future reform as a blueprint for future policy work and technical assistance

Between 2000 and 2004, the Eurasian Roundtable met four times to assess regional developments in order to release a comparative overview of CG frameworks and practices and identify common policy objectives



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The Comparative Overview puts forth seven priority recommendations for CG reform

- **Promote private sector development**
 - Intensify privatisation
 - Improve governance of state-owned assets
 - Consolidate ownership through a fair and equitable process
- **Increase transparency and disclosure**
 - Of ownership structures
 - Regarding major decisions and actions of managers and controlling investors
 - Provide adequate legal means to eliminate self-dealing and to monitor controlling shareholders
 - Accelerate adoption of IFRS
 - Increase the number and improve the skills of accountants and auditors
 - Facilitate Continuous training
 - Ensure auditor independence

The Comparative Overview puts forth seven priority recommendations for CG reform (cont'd)

- **Improve implementation and enforcement**
 - Focus on public sector integrity and even-handedness
 - Enhance regulatory and judicial mandate, capacity and resources. Secure their independence. Provide adequate compensation
 - Use simpler and easier to enforce rules
- **Enhance shareholder rights**
 - Improve basic rights on convening and voting at general shareholder meetings, share registration, dividend payments
 - Facilitate buy-out procedures
- **Protect Minority Shareholders**
 - Strengthen disclosure of decision-making and related party transactions
 - Forbid self-dealing and insider trading
 - Provide shareholders with private and collective rights for redress
 - Raise shareholder awareness

The Comparative Overview puts forth seven priority recommendations for CG reform (cont'd)

- **Raise board performance in strategic planning and monitoring**
 - Tighten rules for independent directors and fiduciary duties for all directors
 - Promote director accountability mechanisms (e.g. lawsuits, cumulative voting)

- **Improve bank governance and role in imposing financial discipline**
 - Tighten regulatory oversight
 - Improve credit management and risk policies
 - Increase ability of bank shareholders to exert governance over banks
 - Improve insolvency and creditor rights systems

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Eurasian Corporate Governance Roundtable : Next Steps

- **Rationale for a second phase of the Roundtable**
 - The network of regional experts forms an important coalition for reform at the regional and national level, which is essential for the next phase of policy design and implementation
 - The Comparative Paper can be a useful tool for regional experts and policy makers to follow on their reform activities, as well as to structure the reform process itself
 - Potential for building on the results of the OECD Working Group on CG of State-Owned Assets
- **Objectives**
 - Support the process of designing, implementing and enforcing reforms in the CG area
 - Provide further expertise to national players
 - Maintain regional policy dialogue on specific issues and priorities for reforms

Eurasian Corporate Governance Roundtable : Next Steps

- **Focus : implementation and enforcement aspects**

- **Outputs**
 - **Technical workshops**

 - **Policy Expert Papers discussing options for implementation**

 - **Possibly country corporate governance reviews**

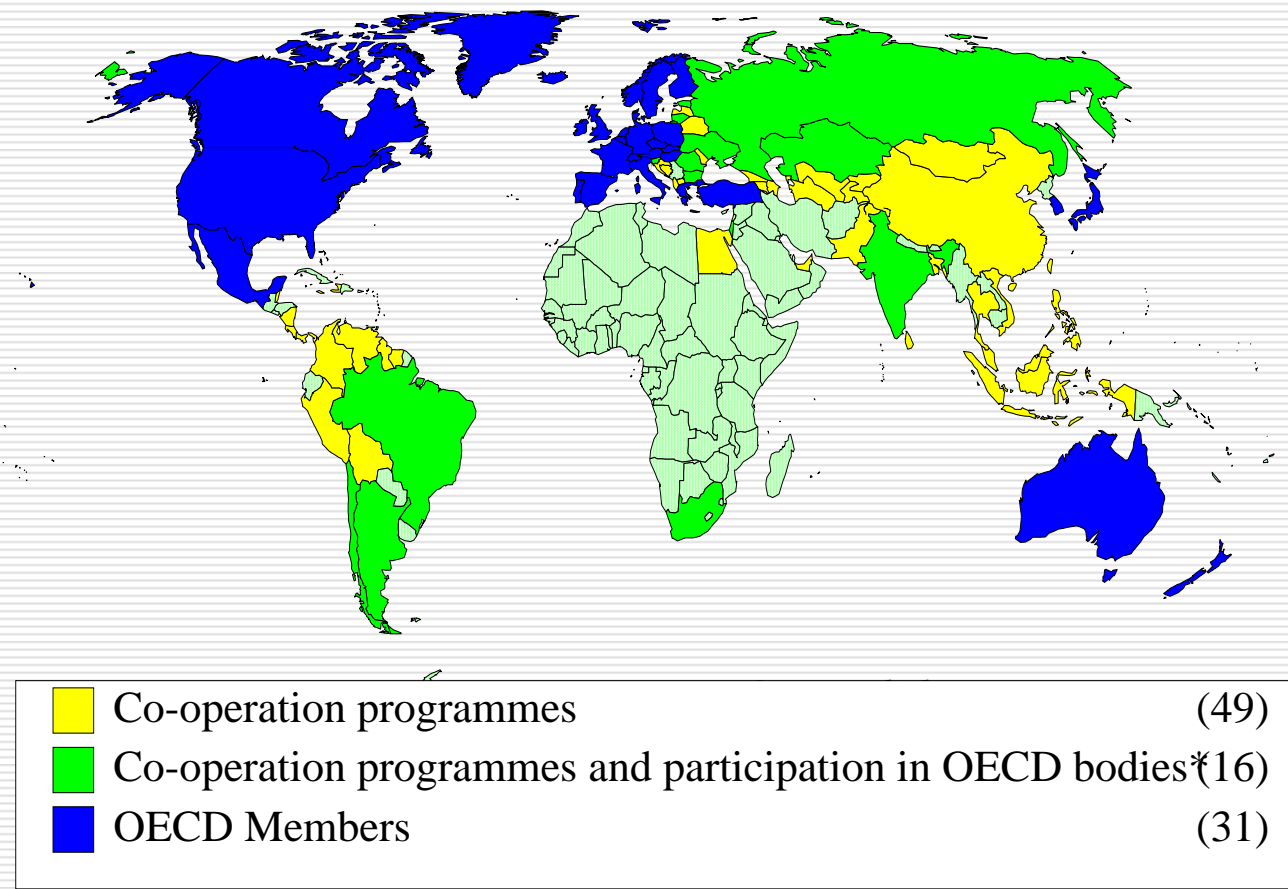
- **Partners and Co-hosts**

In conclusion

- Assume there are no borders
- Public and corporate governance go hand in hand

Founded in 1961 as a follow on to the Marshall Plan, the Organisation for Economic Co-operation and Development promotes international codes, guidelines and principles by which countries can make their economic systems compatible.

OECD Member Countries and Co-operating Countries



* Non-Members not participating in OECD bodies take part in OECD meetings and activities upon *ad hoc* invitations.

For further information...

On the Eurasian Corporate Governance Roundtable, as well as on other regional Roundtables

www.oecd.org/daf/corporate-affairs