

SUMMARY RECORD

11th Meeting of the Asia Network
on Corporate Governance of
State-Owned Enterprises

Hyderabad, India

6-7 September 2018

Summary Record of the 11th meeting of the Asia Network on Corporate Governance of State-owned enterprises

This year, the OECD organised the 11th meeting of the Asia Network on Corporate Governance of State-Owned Enterprises in Hyderabad, India on 6-7 September, 2018. The meeting was hosted by the Institute of Public Enterprise of India with financial support from the Korea Institute of Public Finance (KIPF). The meeting brought together national delegates and corporate practitioners representing 12 countries from Asia.

The meeting allowed an exchange of national experiences on state ownership and governance of state-owned enterprises (SOE) as well as a discussion of challenges in bringing SOE responsible business conduct (RBC) practices in line with the standards of the OECD Guidelines on Corporate Governance of State-owned enterprises (“SOE Guidelines”). A new OECD stocktaking paper on SOE RBC practices based on questionnaire responses submitted by the national authorities of contributing countries was presented and welcomed. It was agreed that it would be enriched with supplementary information based on meeting discussions and additional national submissions and finalised subsequent to the meeting.

Some of the main takeaways from the discussions can be summarised as follows:

- An increasing number of jurisdictions have been making efforts to enhance RBC and sustainable development, both through the promotion and the implementation of the internationally agreed standards and through legislations, corporate policies or voluntary initiatives. However, raising the bar on corporate governance standards is key issue when it comes to enhancing RBC in SOE sector.
- Participants have agreed on the need for developing a state ownership policy. If the state is to act as an active and informed owner of SOEs then it needs to state clearly how its ownership rights are exercised and by what public institutions.
- RBC cannot exist in the absence of transparency. If there is no clarity about what societal roles SOEs are expected to pursue then RBC could become a shield from managerial accountability, or it may become a smokescreen behind which political interference occurs.
- Insofar as all SOEs have boards of directors, SOE boards should be assigned a clear mandate and have ultimate responsibility for the company’s performance on RBC. A well-structured evaluation, competent board committees and training programmes that match the needs of each board could improve board efficiency.
- Participants also stressed the importance of monitoring SOEs’ compliance with corporate governance standards including RBC standards.

Day 1 (6 September)

Welcoming Remarks

Dr. Si kyung Seong (Head of Evaluation Research Team, Research Center for State-owned entities, Korea Institute of Public Finance): Dr. Seong opened the meeting on behalf of the Korea Institute of Public Finance (KIPF), highlighting the longstanding co-operation between the KIPF and the OECD to promote SOE governance reforms both in Asia and globally. He highlighted that the Korean government views that good RBC policies should be internalised as part of corporate strategies and hence specific to the individual SOEs or the SOE sector in which they operate. He said that under the current administration's presidential agenda to create and maximise social values, the Ministry of Economy and Finance (MOEF) has been making tremendous efforts in aligning RBC-related policies on SOEs with policies of other ministries and agencies and the government has been mobilising institutional efforts to integrate RBC practices into SOE sector.

For instance, since 2018, the government has stepped up its efforts to prioritise RBC practices by “promoting public institutions as a driving force for achieving social values” as one of 100 major national tasks of the current administration's 5-year administrative plan. It has established a group of indicators to monitor performance of SOEs and new public institutions, with respect to RBC related areas such as human rights, ethical management, safety and environment conservation, regional development, co-existence, equal opportunity, social integration and job creation. The government requires that high standards of transparency and accountability are applied at both the government and SOE level to encourage individual companies to implement sound RBC practices.

Going forward, he said that based on its knowhow and expertise, Korea hopes to continue this OECD-Korea partnership to provide a structured environment for government initiatives to support improvements in the governance of SOEs in Asia in a sustainable manner.

H.E. Mr. ESL Narashmhan (Hon'ble Governor of Telangana State): H.E. Mr. ESL Narashmhan thanked participants for coming to the meeting and the Institute of Public Enterprise (IPE) and the OECD for organising the meeting. He declared the 11th meeting of the Asia Network on Corporate Governance of SOEs open. In his inaugural address, he lucidly presented the OECD's framework and highlighted the need for transparency and accountability in SOE sector locally and globally. Further, he emphasised on the need for promoting public private participation, adoption of ethics during business transactions, and encouragement of societal commitment in order to improve SOE governance and efficiency. He noted the value of the Asia Network meeting in raising awareness of the importance of good governance of SOEs and offering insights into key SOE governance issues for policy makers in India as well as those in Asia region.

Mr. Hans Christiansen (Head of the OECD Working Party on State Ownership and Privatisation Practices Secretariat) thanked the IPE for hosting the Asia SOE Network Meeting in Hyderabad, India. He also thanked the Korean government for financing the initiative. He highlighted the importance of SOEs in the global economy and the Working Party's role in SOE governance standard setting to promote more efficient SOEs. He underlined that well-governed SOEs can be used to correct market failures, improve public service delivery and contribute to creating stronger and more efficient markets. He then outlined the OECD's ongoing work on SOE governance, including the work on drafting guidelines on promoting integrity in state-owned enterprises, which focuses on actions that state ownership entities can take to ensure, or maximise the likelihood that, SOEs and their

staff act with integrity. He also thanked participants for their contributions to the OECD's efforts in improving the corporate governance of SOEs.

State ownership practices in India: recent developments and ongoing reform

Mr. Abdul Aziz Abu Bakar (Director, Institute of Corporate Directors, Malaysia) moderated the session and thanked the IPE for giving him an opportunity to share with participants some of his insight on improving SOE governance. He said that reform of SOEs and raising profitability of SOEs have become central to improving economic competitiveness in India. He said that improving corporate governance of Indian SOEs is considered as a major component of the overall comprehensive restructuring scheme for SOEs. He noted the value of Asia Network meetings in allowing an exchange of national experiences and identifying best practices from various countries.

Dr. U.D. Choubey (Director General, Standing Conference of Public Enterprises (SCOPE), India) pointed out that the government has recently given much attention to improving efficiency of the SOE sector, the composition of SOE boards of directors, anti-corruption mechanisms and risk management. He said that the government has recently consolidated sector specific companies (such as oil & gas, banks) giving them a competitive edge and economies of scale. SOEs' annual reports are required to include a corporate governance section and the chairs of SOE boards are required to speak at every Annual General Meeting. He suggested that a well-documented ownership policy should be developed to clarify the roles regarding obligations of owner and management. He added that ownership policy should be widely disclosed to all stakeholders and be easily accessible to the public at large.

Dr. Ram Kumar Mishra (Director, Institute of Public Enterprise, India) emphasised that the Indian approach to RBC has undergone major changes from philanthropy and charity to Companies Act 2013 of mandatory reporting. As part of efforts to mainstream RBC in the SOE sector, the government established the Companies Act 2013 which requires that 2 % of the average profit of the preceding three financial years be annually allocated towards Corporate Social Responsibility (CSR) activities. If the company fails to meet the two percent target, the board shall provide explanations for not spending the amount. The Department of Public Enterprises (DPE) under the Ministry of Heavy Industries and Public Enterprises (the nodal agency of all SOEs in India) plays the role of a state ownership coordinating entity and sets expectations concerning the ethical conduct of SOE officials in its corporate governance guidelines applicable to SOEs.

Dr. Yaga Ramesh Konda Reddy (International Advisor in Corporate Governance & Strategy, India) said that encouraging responsible business can be addressed by initiating structured and sustainable efforts in the enabling RBC driven policies and the government can act as a facilitator to undertake strategic, structured and impact-oriented RBC. He proposed following recommendations for SOE governance reform and enhancing RBC in the SOE sector : i) enhanced disclosure and enlargement of role of audit committee, nomination and remuneration committee; ii) strengthening of independence and autonomy of boards of directors of SOEs; and iii) giving a mandate to the board for augmenting knowledge and skills relevant to RBC.

Roundtable on recent SOE reform experiences

Dr. Ram Kumar Mishra (Director, Institute of Public Enterprise, India) moderated the session and invited countries with recent and planned SOE reforms to provide updates on where they stand vis-à-vis implementation of the SOE Guidelines. He highlighted the role of the Asia Network as a venue for discussion on the updated SOE Guidelines. He called on participants to intervene and comment all along the meeting discussion saying that they will feed into the future revision of the SOE Guidelines.

Mr. Kai Zhu (Deputy Director General, International Cooperation Bureau, State-owned Assets Supervision and Administration Commission of the State Council (SASAC), China) presented the SASAC's recent reform efforts on SOE governance. In April 2017, the government of China announced the "Guidelines on Further Improving SOE Corporate Governance". He said that all central SOEs have started to define their functions and responsibilities and categorise the work of their subsidiaries while local SASACs have accomplished classification of relevant SOEs under their supervision. He said that most central SOEs have set up standard board of directors (81 out of 96), actively implementing a pilot program for delegating more power to the boards of directors. The Guidelines also call for the establishment of an integrated reporting system for SOEs, to report on their financial situation, their executive remuneration policy and related party transactions.

He pointed out that with continued and growing internationalisation of Chinese SOEs, China has been making stronger efforts on enhancing RBC practices regarding overseas investment. By the end of 2017, more than 60 central SOEs had undertaken nearly 2,000 projects in countries as part of the Belt and Road initiative. In 2008, the State-owned Assets Supervision and Administration Commission (SASAC) issued Guidelines for the State-owned Enterprises Directly under the Central Government on fulfilling Corporate Social Responsibilities. In 2013, the Ministry of Commerce (MOFCOM) and the Ministry of Environmental Protection (MEP) issued the joint Guidelines on Environmental Protection in Investment and Protection Overseas. In 2014, the MOFCOM stipulated in the Revised Measures for Foreign Investment Management that enterprises should require its overseas subsidiaries to abide by local laws and regulations and respect local manners and customs, perform social responsibility, and undertake activities in environmental protection, labour protection and enterprise cultural construction to better integrate into localities.

Mr. Tran Tho Hai (Head, General Policy Division, Corporate Finance Department, Ministry of Finance, Viet Nam) highlighted that in order to improve SOE governance, the Vietnamese government plans to establish clear definitions about local and national ministries' responsibilities; align public servants' compensation to SOEs' performance; improve Viet Nam's Enterprise Law; and strengthen the autonomy of management boards. He recalled the key pillars of the SOE Guidelines, saying that better SOE governance requires sound arrangements for the state ownership function; promoting autonomous boards; more rigorous performance evaluation and management; and enhancing SOE disclosure and transparency. He also said that government is planning to set up a special co-ordination agency named the Committee for State Capital Management and Supervision to integrate state ownership functions of government, line ministries and provincial committees. It is expected that the Committee will more actively work on aligning Viet Nam's SOE practices with international standards.

Mr. Johann Carlos Barcena (Director, Governance Commission for Government-owned and controlled corporations (GOCC), Philippines) presented the government's recent efforts on improving SOE governance in the country. Issued by the Governance

Commission for Government-Owned or Controlled Corporations on 28 November 2012, the “Ownership and Operations Manual Governing the GOCC Sector” embodies the ownership policy of the State and the respective roles and responsibilities of government agencies involved in its implementation. He said that the key mandates of the GOCCs include rationalisation of the GOCC Sector in line with state ownership policy; nominating competent directors; implementing performance monitoring and evaluation system; and standardizing compensation system to attract, retain, and motivate competent professionals and improve service delivery. He added that the recently established Integrated Corporate Reporting System (ICRS) serves as a central repository of relevant information, whether financial (i.e. corporate operating budgets, financial statements) or non-financial (i.e. Charter, Performance Scorecards, Organisational Structure, and information on incumbent Appointive Directors), on GOCCs.

Thematic discussion: The State’s role in enhancing responsible business conduct of state-owned enterprises

Session 1: Government policies, requirements and expectations regarding responsible business conduct in SOEs

Challenges of integrating responsible business conduct into corporate governance of SOEs

Dr. Gambhir Bhatta (Advisor, Sustainable development and climate change department; Head, Knowledge Sharing & Services Center, Asian Development Bank) moderated the session. He said that the state ownership policy should fully recognise SOEs’ responsibilities towards stakeholders and request that SOEs report on their relations with stakeholders. It should make clear any expectations the state has regarding responsible business conduct by SOEs. In this context, he invited the participations of the session to identify actionable ways in which governments- as shareholders in SOEs – can link the governance of SOEs with creating value for citizens.

Dr. Si Kyung Seong, Head of Evaluation Research Team, Research Center for State-Owned Entities, Korea Institute of Public Finance (KIPF) gave an overview of the Korean government’s recent efforts on enhancing RBC in SOE sector. He said that following the Ministry of Economy and Finance (MOEF)’s release of concrete guidelines for incorporating RBC-related criteria into performance evaluation system for SOEs, the government has adjusted performance evaluation system of public institutions and SOEs to include a number of items linked to RBC that are aimed at creating and expanding social value. The government has established a group of indicators to monitor performance of SOEs and public institutions, with respect to ethical management, safety and environment conservation; regional development; co-existence; equal opportunity; social integration and job creation. In order to fulfill these social responsibility criteria to obtain high score on performance evaluation, every SOE and public institution has newly formed a team or a division dedicated to the issue of “social values” and has increased financial resources on the subject.

Mr. R Vikraman, Director, NLC India Limited said that enhancing disclosure and transparency measures at enterprise level is key in enhancing RBC in the SOE sector. He said that the disclosure system in SOE sector is governed by the Companies Act 2013, the Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements, the Department of Public Enterprise Guidelines and other statutory

requirements. He said that a corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, business performance, strategic shifts, ownership, and governance of the company.

Ms. Ya Eem Chea, Head, Corporate Governance Division, Securities Issuance Supervision Department, Securities and Exchange Commission of Cambodia highlighted that the law on general status of public enterprises and proclamations (prakas in national nomenclature) on corporate governance for listed public enterprises mention protection of stakeholders' rights and responsible business conduct. Listed public enterprises are required to have a clear strategic management policy which supports and protects stakeholders' rights, ensures compliance with labour law, and respects corporate social responsibilities (CSR) including protection of consumer and environment. As such, listed public enterprises are required to put this policy and mechanism in place and disclose such information in their annual reports. In recent years, SOEs have issued a number of notifications and measures to cope with complaints on frauds or any other misconducts toward their consumers. However, more remains to be done to implement responsible business conduct, especially with respect to accountability and transparency standards and performance management scheme.

Dr. Lawrence Lee (CEO, Corporate Governance Research Center, National Taipei University of Business, Chinese Taipei) moderated the second part of the session. Dr. Lee pointed out that an increasing number of jurisdictions have been making efforts to enhance responsible business conduct and sustainable development, both through the promotion and the implementation of the internationally agreed standards and through legislations, corporate policies or voluntary initiatives.

Ms. Chung-a Park (Policy Analyst, Corporate Governance and Corporate Finance Division, Directorate for Financial and Enterprises Affairs, OECD) underlined key findings from the interim version of the OECD stocktaking paper on RBC practices in SOE sector. The success of various RBC programmes is yet to be determined, but she emphasised that it is important to note that increasing pressures for accountability and transparency in all forms of corporate behaviour are supporting the refinement and improvement of these programmes. She pointed out that the ultimate success of RBC programmes depends on factors such as: exercising ownership on a whole-of-government basis; enhancing good practices for aggregate reporting and SOE financial reporting; improving transparency and quality of financial reporting by SOEs through annual publication of an aggregate report that covers all SOEs; establishing robust auditing systems; and ensuring efficient systems for monitoring and benchmarking SOE performance. She emphasized that a best practice calls for adopting a formal mechanism that involves developing key performance indicators that can measure quality of RBC practices, supplemented by informal mechanism including meetings with SOE boards to discuss performance in the area of RBC.

Mr. Bayram Zengin (Treasury Expert, General Directorate of SOEs, Turkey) pointed out that the government has enacted the Turkish Code of Ethics – to be applied to all public institutions – in order to promote RBC and an ethical business culture throughout Turkish public administration including SOEs. In this framework, the Council issued an ordinance called the Ethical Behaviour Principles for Public Officials in 2005 indicating the main public values and ethical behaviour principles such as transparency, impartiality, integrity, accountability and protection of public interest. However, Turkey has not yet established a central co-ordinating office to assist public institutions including SOEs in their efforts to

strengthen RBC practices, and the issues related to RBC are handled by the various ministries. At the same time, Turkey does not have any specific mechanism to monitor performance of SOEs in the area of responsible business conduct in a comprehensive manner.

Jeffrey Siregar (Board Member, National Committee on Governance, Indonesia) stressed that SOEs are obliged to disclose and provide transparency for some data and information to the public as required by current regulations, inter alia, Law No. 14/2008 (Article 14) and the Minister of SOE's Regulation No. 9/2012 on Good Corporate Governance. In terms of human rights, SOEs are obliged to apply their corporate responsibilities as required by Law No. 40 Year 2007 on Company, and the Minister of SOE's Regulation on Partnership Program and Social Responsibility that cover activities in areas such as combatting poverty, developing rural and remote areas, supporting education, and micro as well as small business. The government is also required to regularly arrange focus group discussions and workshops for SOEs and other enterprises related to the areas of RBC. The government regularly provides awards to the SOEs for various categories such as award for SOE with good corporate governance practices and award for the best services, etc.

It provides publicly accessible legal processes for stakeholders. For instance, under environmental regulations, stakeholders have rights to complain or bring the SOEs to the court. It also provides non-judicial mechanisms for conflict management involving investors under the Law No. 30 Year 1999 on Arbitration and Alternative Dispute Resolutions. "Whistle-blowers" who report legal misconduct of either the state or SOEs, are required to be protected by the law under the Minister of SOE's Regulation on Guidance of Whistle-blowing System.

DAY 2 (7 September)

Session 2: Promoting ethics and integrity in individual SOEs

Panel I: A Roundtable of Chairmen, CEOs & Experts on enhancing board governance: communicating internal controls, implementing ethics and compliance programmes or measures

Dr. Mathilde Mesnard (Deputy Director of the Directorate for Financial and Enterprise Affairs, OECD) moderated the session. She recalled the key pillars of the SOE guidelines on board governance and integrity. She said that the boards of SOEs should develop a comprehensive framework on implementing, monitoring and communicating internal controls, ethics and compliance programmes or measures, including those which contribute to preventing fraud and corruption. She added that incentivising SOEs so that they observe high standards of responsible business conduct is also important. In this context, she invited the panellists to examine SOEs can do to enhance responsible business conduct in their own business relationships and how they can be held accountable for their actions.

Dr. S K Acharya, former CMD, NLC India Limited emphasised that the board's role is essential to the efforts to improve SOE performance. Often, SOEs boards have a limited set of tools to incentivise remuneration arrangements. Often he said that appointments are made based on political factors or the need to represent certain constituencies within the government, rather than commercial considerations. Appointments often fail to take into account the specific context of SOEs.

Mr. Sanjay Kumar Bhattacharya (Director (Mining), Hindustan Copper Ltd, India) said that it is important for boards to maintain a balance between conformance and performance. He highlighted that training should be conducted as an on-going professional norm and pointed out that remuneration policy can have a potential impact on fiduciary responsibility of the board of directors. He recalled the recommendations of the SOE Guidelines, highlighting that key elements for enhancing board efficiency and performance include a Chair who can build an effective team by exercising leadership, a well-structured evaluation, competent board committees and training and induction programmes that match the needs of each board.

Mr. Yu Tengqun (Vice President & Board Secretary, China Railway Group Limited) introduced the efforts made by China and his company to develop and implement ethics and compliance programme or measures, including those which contribute to preventing fraud and corruption. He said that in line with the joint guidelines on Environmental Protection in Investment Overseas issued by the Ministry of Commerce (MOFCOM) and the Ministry of Environmental Protection (MEP), the central SOEs including the China Railway Group Limited that operate overseas are required to abide by local laws and regulations and respect local manners and customs, perform social responsibility, and undertake activities in environmental protection, labour protection and enterprise cultural construction to better integrate into localities. Running construction firms in over 90 countries and regions, he said that his management has been setting up measures on compliance, effectiveness and integrity and reporting mechanism to inform the management board of relevant developments and ensure the transparency and accountability of various projects.

Dr. Jesus P. Estanislao (Institute of Corporate Directors, Philippines) said that independent directors have a critical role to play in ensuring objectivity and integrity of decision-making by the state and solving conflicts of interest. He pointed out that key challenges for achieving a high degree of professionalism in boards include ensuring that ownership is conducted at arm's-length from other government functions such as regulation. Moreover, he pointed out that the public needs to be assured that state ownership rights are exercised in the public interest and not for the benefit of public officials or political constituencies.

Mr. Abdul Aziz Abu Bakar (Director, Institute of Corporate Directors, Malaysia) said that professionalising nomination process of boards of directors is essential for enhancing business integrity and responsible business conduct in the SOE sector. He pointed out that at present, there is no formal recruitment procedure and candidates are often just identified mainly through networking or word of mouth. He added that the Company Commission of Malaysia has been publishing Best Business Practice Circulars since 2010, with each circular focusing on a different aspect of responsible business conduct. In order to incentivise companies including SOEs to undertake RBC practices, the government has established a number of awards of recognition for companies implementing RBC standards.

Panel II: Consultation session on the OECD SOE Anti-Corruption and Integrity Guidelines

Mr. Hans Christiansen (Head of the OECD Working Party on State Ownership and Privatisation Practices Secretariat) presented the following key findings from the recent flagship OECD publication on SOEs and corruption:

- 27% of all foreign bribes of public officials between 1999 and 2014 involved SOE officials.
- 71% of IMF mission chiefs attributed real-sector corruption to malpractice of SOEs.
- 42% of respondents witnessed corrupt and other irregular risks materialise in the last 3 years (or at least 1 in 49% of companies)
- 47% companies sustained financial losses – 3% of annual corporate profit in the last year.
- He further highlighted the following proposed content of the SOE Anti-Corruption Guidelines (ACI Guidelines), which will focus on actions that state ownership entities can take to ensure, or maximize the likelihood that, SOEs and their staff act with integrity:
 - Establishing ownership arrangements that are conducive to integrity; ensuring clarity in the legal and regulatory framework and in the State’s expectations
 - Ensuring corruption prevention and detection at SOE level
 - Requiring adequate risk management systems within SOEs
 - Requiring adoption of high quality integrity mechanisms within SOEs
 - Safeguarding the autonomy of SOEs and their decision-making bodies and accountability of SOEs and of the state
 - Requiring objective external review of SOEs and the ownership function
 - Taking action and respect due process for investigations and prosecutions
 - Inviting the inputs of civil society, the public and the press

Dr. Gambhir Bhatta (Advisor, Sustainable development and climate change department; Head, Knowledge Sharing & Services Center, Asian Development Bank) shared his thoughts and advice on developing the OECD SOE Anti-Corruption and Integrity Guidelines, drawing from the key findings of the ADB publication entitled “Finding Balance 2016: Benchmarking the performance of state-owned enterprises in island countries.” He said that poor SOE performance is the norm for most countries and some of the major challenges in the SOE sector include the quality of government control, political interference and non-commercial decision(s). At the same time, there is a lack of political will in general. Better SOE governance could be achieved as part of a holistic approach by removing elected officials from SOE boards, ensuring skills-based director selection process, putting in place performance incentives, and hard budget constraints. He emphasised the following elements that could be considered for developing the OECD SOE Anti-corruption and Integrity Guidelines: i) strict separation of roles between the State as an owner and the management of the SOEs; ii) clear distinction between the State’s role as

an owner and its other roles (e.g., regulator, policy-making, etc.); and iii) SOEs should not be put at a disadvantage by being over-burdened with controls compared to a private firm.

Concluding remarks and way forward

Dr. Ram Kumar Mishra, Director, Institute of Public Enterprise (IPE) thanked and congratulated participants for the successful meeting, which facilitated substantive discussions on SOE governance and enhancing RBC in the SOE sector. He emphasised that the meeting allowed participants to exchange experiences and discuss ways to effectively design, promote and implement policies and instruments to achieve better governance of SOEs with respect to RBC.

Dr. Si Kyung Seong (Head of Evaluation Research Team, Research Centre for State-Owned Entities, Korea Institute of Public Finance) extended his gratitude to the hosts of the Institute of Public Enterprise (IPE) and the OECD Secretariat for organising this year's Asia SOE Network Meeting. He said that the meeting provided a meaningful platform where different delegates and corporate practitioners from Asia could share their experiences and benchmark others on implementing good practices for improving SOE governance and RBC practices in SOE sector. He emphasised again the Korean government's mandate to use and promote SOEs and public institutions as main driving force for implementing social values, reiterating the state ownership policy's importance in fully recognising SOEs' responsibilities towards stakeholders. He concluded that the insightful discussions pointed to many similarities across jurisdictions and recognised the importance of the Asia SOE Network as a guidepost for advancing national reforms. He said that he is hoping to see many of the participants in the next year's meeting.

Dr. Mathilde Mesnard (Deputy Director of the Directorate for Financial and Enterprise Affairs, OECD) provided concluding remarks, thanking all the participants for their contributions to the OECD's efforts in the field of corporate governance practices in SOEs. On behalf of the OECD, she extended her special thanks to the Institute of Public Enterprise (IPE) for their hospitality and to the Korea Institute of Public Finance and the Korean Ministry of Economy and Finance for their financial support for the Asia SOE Network. She said that the challenge of continued SOE reform will remain, and the OECD remains ready to engage. She also reiterated the OECD Secretariat's growing engagement with non-member countries and invited national governments to take part in its regular meetings in Paris as ad-hoc invitees, observers and even as non-member adherents to the SOE Guidelines. She said that a case has been made for a centralisation of the exercise of state ownership and at least stronger coordination across government departments could be helpful. She pointed out that to begin with, it is crucial that ownership of SOEs be exercised on a whole-of-government basis rather than on an ad-hoc basis by individual ministries. She also said that there is a need for further professionalisation and corporatisation of SOEs. SOEs are corporations and they need to operate with an adequate degree of autonomy and, importantly, at arm's length distance from the exercise of state powers. She concluded that there needs to be clarity about the financial and non-financial objectives that each SOE is expected to perform. In the absence of this clarity, establishing a meaningful and systemic performance monitoring system would be difficult, she added.