EVALUATION OF GLOBAL CORPORATE GOVERNANCE FORUM

Draft Final Report
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Executive Summary

Summary

1. This document contains the draft report of the evaluation of the Global Corporate Governance Forum (the Forum) which was undertaken by SQW Limited in the period September to December 2003.

2. We have reached the conclusion that over the period 1999 to 2003 the Forum, together with its partners, has played an important role in furthering corporate governance in target regions. Moreover, the support provided has led to outcomes which are unlikely to have happened without the range of activities undertaken by the Forum.

Work Programme

3. To address the different components of the Terms of Reference (ToR), the work programme was structured in discussions with the Forum and representatives of the World Bank Group to include inception discussions, field trips (to Brazil, the Philippines and the OECD in Paris), consultations and e-mail surveys. An interim presentation on emerging findings and conclusions was delivered at the Forum Steering Group meeting on 5 November 2003.

Relevance

4. By the late 1990s, corporate governance had become a key issue in the developed as well as the developing world. In 1999 the OECD produced the Principles of Good Corporate Governance, based mainly on issues faced by its member countries. But at that time, efforts to address shortcomings in corporate governance in developing and emerging economies were fragmented and of small scale. The establishment of the Forum as a partnership initiative between the World Bank Group and the OECD was designed specifically to address this gap.

Forum philosophy and approach

5. Three characteristics have helped the Forum to be effective and efficient. First, the joint sponsorship of the World Bank Group and the OECD, together with the close involvement of the private sector through the establishment of the Private Sector Advisory Group (PSAG) and the Investor Responsibility Task Force (IRTF), brought credibility. Second, the stake-holder driven and inclusive approach adopted by the Forum generated energetic responses in the regions and countries of activity. Third the Forum’s concern not to duplicate what others have done but to build on activities already taking place has created effective partnerships.
Forum Objectives

6. The Memorandum of Understanding (MoU) between the World Bank and the OECD set out five main objectives for the Forum: awareness raising, consensus building, technical assistance and capacity building, research sponsorship and dissemination of best practice. Feed-back from the programme of consultations confirms that the mix of objectives was right and that the progression from awareness raising to consensus building, capacity building, research and best practice dissemination was the obvious and logical approach to enhance corporate governance globally. However, the lack of specificity in the objectives was considered a problem by some. It is our view that being specific would have been difficult, maybe even counterproductive, at the early stage of the Forum’s activities. However, the lack of targets or specific objectives does make it difficult to measure how effective the Forum has been, and for the future greater specificity will be essential.

Forum Impact: Roundtables (including similar and associated events)

7. The Forum worked closely with the OECD and other partners on organising Roundtables or similar events in eight regions. In five regions (Asia, Eurasia, Latin America, Russia and South East Europe), the OECD took the lead in organising the events and the Forum supported financially and professionally. The lack of coverage in Africa, the Caribbean and Middle East/North Africa led the Forum, at a later stage, to take the lead in organising Roundtable-type events there.

8. The Roundtables brought together decision makers and professionals to discuss the relevance and applicability of the Principles for their respective region and country. The close association of these events with the World Bank and the OECD meant that there was senior participation from influential organisations in the public, private and non-governmental spheres. The smooth partnership workings between the Forum and the Roundtables team in OECD meant that practical and financial obstacles to the attendance of particular individuals could be addressed.

9. Amongst the key outputs from these regional meetings are five completed Corporate Governance White Papers for the “OECD Roundtable” regions. It was the explicit remit of the Roundtables to produce these White Papers and the task to do the actual writing was given, on a competitive basis and for a fee, to a regional organisation that also had to commit itself to produce the business plan for an Institute of Directors or similar organisation. The completed White Papers are consensus documents and have identified priorities for the next two years concerned mainly with implementation and enforcement. They should provide an excellent basis for the next stage of the corporate governance reform process.
The process of awareness raising and consensus building in the three non-OECD regions has not yet reached the White Paper stage. However, a strong momentum has been created which, with some ongoing support, is likely to lead to the production of similar policy statements.

Our own survey confirms that Roundtables have been effective in raising awareness and establishing consensus. Interestingly though, for all measures the Roundtables were rated as being marginally more effective at the regional than the national level. This reflects findings from our programme of consultations which highlighted that these events and networks are making a real difference to the development of corporate governance at the regional level, but that there are inevitably challenges in applying the issues identified in the Regional White Papers at the national level. Nevertheless, nearly all respondents identified national level achievements or outcomes that had been influenced by the regional Roundtable process.

Our programme of consultations also revealed a small number of critical voices. 1) The clear target of producing a White Paper, while conducive to a focused discussion, could also ‘gloss’ over some of the country-specific issues; 2) the process of building consensus was seen by some to result in relatively little progress being made from one Roundtable to the next; 3) having achieved the White Papers, there is a concern that there could now be an implementation vacuum.

However, the overall evaluation of the impact of the Roundtables (and similar events) is positive. They helped to establish and sustain regional coalitions for improved corporate governance and were also effective in creating functioning regional networks of professionals and decision-makers which will provide a strong base for future corporate governance achievements. Forum support was important to increase the capacity of the OECD Roundtables team, which in turn increased the number and effectiveness of events. The Forum’s involvement was also essential for the events in regions not covered by OECD Roundtables, which would not otherwise have gone ahead.

**Capacity Building**

The wider objective of the capacity building programme was to develop a network of professionals at the regional and country level who would be able to offer director training programmes. It was recognised that Institutes of Directors (or similar organisations) can perform a crucial role in promoting corporate governance at the national level; however, many countries in the developing world do not have such institutes and if they do exist, they are not equipped to offer corporate governance training.

The core activity within the wider objective of capacity building has been two programmes of director training, both in 2002. The first targeted participants from East Asia and the second involved participants from Latin America. These two programmes helped place the participating Institutes of Directors in a better position
to become self-sustaining and to provide support to their members in the field of corporate governance.

**Research Sponsorship**

16. The objective of the research mandate was to gather evidence on the impact of corporate governance, particularly in a form which supports the corporate governance reform process, and the main obstacles to corporate governance improvements. Research was designed to be practical - ie oriented towards the policy process - and of the highest quality. The Forum has encouraged and sponsored corporate governance research through several activities, in particular support for the formation of research networks and the commissioning of specific research projects.

17. While research in this field would have happened without the support provided by the Forum, the agenda has been shaped towards practical and policy-oriented research. Forum support has also helped to create a functioning network of researchers who draw stimulation and knowledge from each other and it has increased the visibility of this research.

**Dissemination of best practice**

18. The Forum has tried to capture practical experience through sponsoring the development of a series of toolkits which are designed to help professionals and policy-makers to understand the sequence, mechanisms and ‘clustering’ of initiatives which could help promote the corporate governance agenda. The first toolkit on setting up Institutes of Directors has just been completed and other toolkits are planned if experience with the first one proves positive.

**Forum efficiency**

19. The Forum is likely to spend just under $8 million over the five financial years 1999/2000 to 2004/05. Given the absence of measurable targets and the pioneering nature of the Forum’s activities, it is difficult to say whether the Forum has been ‘efficient’ in its expenditure and whether Forum spending represents value for money. However, despite the absence of clear-cut measures, we are confident that the Forum has been effective in the way it has provided funding, responsive to opportunities to reduce costs and skilled in leveraging in contributions from others.

**Sustainability**

20. The Forum has successfully promoted corporate governance globally and has, together with the OECD, stimulated a strong international movement for the improvement of corporate governance. If Forum support was withdrawn, it is likely that some regional groupings would continue to work towards corporate governance improvements. However, those regional groupings still in their infancy may well lose
their momentum. Moreover, it is less likely that corporate governance initiatives will be ‘mainstreamed’ into World Bank Group policies if Forum activities are reduced.

21. The capacity building initiatives of the Forum, if further developed, have potential to become sustainable as they offer opportunities for fee generation at various levels.

Future Options

22. Given what has been achieved, but more importantly what remains to be done, it would be premature to cease Forum activities now. However, given the many dimensions of corporate governance, there are numerous strategic questions to be addressed before a business plan for the next stage, with specified targets, can be produced. These questions concern 1) objectives/activities; 2) management and partnerships, and 3) the budget.

23. Concerning the first issue of objectives and activities, choices will need to be made on several dimensions including: the proportion of activities at the global, regional and national level; possible shifts in emphasis from awareness raising and consensus generation to capacity building; roll-out options for existing and new toolkits and capacity building programmes; Forum responsibility with respect to the sustainability of organisations such as the Latin American Institute of Corporate Governance and other regional networks and groupings; new mandates in the field of implementation and enforcement; effective ways of ‘mainstreaming’ into donor agency programmes; what role to play under the research mandate; SMART targets for all activities.

24. Concerning the second issue of management and partnership arrangements, choices will need to be made on size and location of the secretariat, size and composition of the Steering Group and the number and nature of partnership arrangements with others.

25. Both “objectives and activities” and “management and partnership arrangements” will inevitably impact on the required budget.

26. The “next steps” workshop convened for existing donors and key partners in Zurich on 21 January 2004 will provide the basis for a discussion of the various strategic choices.
Evaluation of Corporate Governance Forum: Results Summary

- Over the period 1999 to 2003, the Forum, together with its partners, has played an important role in furthering corporate governance across the globe
- The additionality of Forum activities and outcomes has been high
- The establishment of the Forum as a partnership initiative between the World Bank Group and the OECD was addressing a clear need
- Forum philosophy and approach have helped it to be effective and efficient
  - The involvement of PSAG and IRTF brought credibility
  - The stake-holder driven and inclusive approach generated energetic responses across the globe
  - The Forum’s concern not to duplicate what others have done has created effective partnerships
- The objectives set by the Forum were appropriate during the first phase of activity but lack of specificity makes it difficult to measure how effective the Forum has been in achieving its objectives
- For the future, greater specificity will be essential
- The Roundtables (and similar events) helped to establish and sustain regional coalitions for improved corporate governance as well as create functioning regional networks of professionals and decision-makers
- Amongst the key outputs from the regional meetings are five completed Corporate Governance White Papers as consensus documents highlighting priorities for future work
- In those regions where the Forum has encouraged Roundtable-type events, the production of such policy statements is likely to happen in future
- The capacity building work is beginning to address the need for Forum activities to become sustainable
- The Forum’s research mandate has resulted in practical and policy-oriented research
- The Forum has been effective in the way it has provided funding, responsive to opportunities to reduce costs and skilled in leveraging in contributions from others
- The Forum has successfully promoted corporate governance globally and has, together with the OECD, stimulated a strong international movement for the improvement of corporate governance
- If Forum support was withdrawn now, it is likely that some regional grouping would continue to work towards corporate governance improvements
- However, it is likely that those regional groupings still in their infancy would lose their momentum
- The capacity-building initiatives of the Forum have the potential to become sustainable in future
- The chance of ‘mainstreaming’ of corporate governance initiatives into World Bank Group policies should be explored carefully for the next stage of Forum activities
- There several strategic questions to be addressed at the “next steps” workshop on 21 January 2004.
1 Introduction

1.1 This document contains the draft report of an evaluation of the Global Corporate Governance Forum (the Forum) which was undertaken by Chris Green, Kathrin Peters and Patrick Pringle of SQW Limited (SQW) in the period September to December 2003.

1.2 The evaluation was commissioned to serve three overlapping objectives:

- To provide the Forum’s donors, the World Bank and the OECD with an independent evaluation of the Forum’s activities from September 2001 to September 2003, which constitute the first two years of the Forum’s work programme, following the creation of the Forum Secretariat

- To serve as the overall evaluation of the Forum required by the Development Grant Facility (DGF) upon completion of the DGF funding cycle

- To help the donors in deciding on next steps including continuing funding options.

1.3 We have reached the conclusion that over the period 1999 to 2003 the Forum, together with its partners, has played an important role in furthering corporate governance across the globe. Moreover, the support provided has led to outcomes which are unlikely to have happened without the range of activities undertaken by the Forum.

1.4 In terms of identifying real improvements in the field of corporate governance across the world, we would like to highlight that this evaluation comes relatively early in the life time of the Forum which, taking into account a setting up phase of more than a year, only truly started activities during 2000,

1.5 This report is structured as follows: chapter 2 following on from this introduction maps out the methodology adopted to undertake the evaluation; chapter 3 discusses the key findings; chapter 4 maps out several options for the future. Supporting information is presented in appendices. Appendix A contains the Terms of Reference for this evaluation; Appendix B contains the research instruments used for the various surveys; Appendix C, D and E contain three case studies of countries and/or activities (Brazil, Philippines and Roundtable activities); Appendix F contains the summary analysis of the e-mail survey of Roundtable participants undertaken as part of this project; Appendix G summarises financial information on Forum

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1 The Forum is supported by nine international donors which, in addition to the World Bank Group and the OECD, comprise the governments of India, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America.
activities; Appendix H contains a selection of data collected by the Forum Secretariat for the purposes of internal review and evaluation; Appendix J lists consultees.

1.6 We would like to express our thanks to all those individuals who helped us in the course of our work. Particular thanks are due to the members of the Forum Secretariat, in particular Anne Simpson, Alyssa Machold, Marie-Laurence Guy and Ghita Tijani Aldermann; the Round Table team from the Organisation of Economic Cooperation and Development (OECD), in particular Mats Isaksson, Daniel Blume, Laura Holliday and Svetlana Volova; Neil Roger, Mike Lubrano, Darrin Hartzler, Djordjija Petkoski and Linda Morra from the World Bank Group; Ira Millstein, the Chairman of the Private Sector Advisory Group; consultees in Brazil, in particular Paulo Diederichsen Villares, Heloisa Bedicks, Maria Helena Santana, José Luis Osorio and Sandra Guerra; and consultees in the Philippines, in particular Dr Jesus Estanislao, Gil Gonzales and J H Moreno. We are grateful for the generosity with which everybody contributed time, views and evidence. Moreover, both the Forum and OECD teams helped with administering the various e-mail surveys which were undertaken as part of this project.
2 Methodology

Terms of Reference (ToR)

2.1 In addition to mapping out the objectives, the ToR provided guidance on the issues to be addressed in the course of our work as well as some of the activities and areas to be studied in particular detail. The issues included:

- **Relevance**, ie whether the activities of the Forum were addressing relevant objectives which were not being addressed by other programmes and whether the rationale and objectives remain relevant

- **Efficacy and impact**, ie whether the Forum was achieving its objectives. Within this issue, the evaluation was to focus particularly on three projects:
  - Under the objective ‘raising awareness and building consensus’, the evaluation was to assess the Forum’s support of the joint World Bank – OECD Regional Corporate Governance Round Tables
  - Under the objective ‘building capacity’, the evaluation was to examine the work of the Forum in supporting director training programmes by focusing on the experience of the Institute of Corporate Directors in the Philippines and the experience of the Brazilian Institute of Corporate Governance

- **Efficiency** considering whether the benefits of the Forum’s activities justify the costs and generally the reasonableness of the costs incurred

- **Sustainability** in the sense that the activities encouraged and started by the Forum have gained their own momentum and could continue even without Forum support

- **Learning from experience and knowledge-sharing** exploring the extent to which the Forum is adapting to new developments and the extent to which knowledge is transferred between partners and donors.

Work programme

2.2 In order to address the different components of the ToR, SQW structured the work programme into the following components:

- An inception mission for consultations with members of the Forum secretariat (Anne Simpson and Alyssa Machold) and a meeting with Linda Morra of IFC to understand more about the background of Forum activities and key objectives of the evaluation.
This early meeting also gave the opportunity jointly to plan the timing of project outputs

- Three field visits to Paris (OECD Roundtables), Manila (Institute of Corporate Directors) and Sao Paulo (Brazilian Institute of Corporate Governance - IBGC)

- Consultations with: members of the Steering Group (the Chairman Claude Barras, the World Bank representative Neil Roger and the OECD representative Mats Isaksson); Ira Millstein, the Chairman of the Private Sector Advisory Group (PSAG); Mike Lubrano (IFC), Darrin Hartzler (IFC), Djordjija Petkoski (World Bank Institute) and John Sullivan (CIPE)

- An e-mail survey of Roundtable participants in Latin America and Russia and members of the PSAG and the Investor Responsibility Task Force (IRTF)

- A programme of telephone interviews to test some of the hypotheses emerging from the field visits

- A wide range of consultations conducted at the international conference in Paris between 2 November and 4 November 2003 where representatives from 43 countries were gathered to discuss the “marked up” OECD Principles on corporate governance.

2.3 The initial findings and recommendations were summarised in a power point presentation which was delivered and discussed at the Steering Group Meeting in Paris on 5 November 2003.

2.4 In reaching our findings and conclusions, the lack of data and empirical evidence, a reflection of the short time in which the Forum has been active, has necessitated the use of a technique sometimes referred to as ‘triangulation’. This means that in addressing evaluation questions, we have not just used one set of evidence but searched for different sources; for instance, in exploring the effectiveness of the Roundtables, we have based our findings on the results of the e-mail survey undertaken as part of this project as well the programme of face-to-face interviews and case studies.

2.5 The next chapter summarises the key findings and conclusions from the different components of the fieldwork structured into the key issues outlined in the ToR.
3 Findings and conclusions

Introduction

3.1 In this chapter, we discuss the key findings of this evaluation under the headings of relevance, efficacy/impact, efficiency, sustainability and learning from experience/knowledge sharing.

Relevance

Was there a case for intervention when the Forum started its activities in the late 1990s

3.2 By the late 1990s, corporate governance had become a key issue both in the developed and the developing world. The role of the private sector in driving economic development in emerging markets had increased and the financial instability that had shaken the emerging market economies in the mid 1990s had seriously reduced the flow of private investment into the developing world. The OECD had started to address the need for good corporate governance within the range of its member countries, following a wave of scandals, which resulted in the release of the Principles of Good Corporate Governance (the Principles) in 1999. The financial crisis in the developing and emerging economies brought the need for good corporate governance to the fore and a dialogue began between the OECD and the World Bank on the applicability of the Principles for the developing world. The importance of corporate governance for development was confirmed in the Monterrey Consensus Document which was agreed following the UN International Conference on Financing for Development in Monterrey (Mexico) in March 2002.2

3.3 To help address problems of access to capital, it was considered crucial to explore if and how good corporate governance could be introduced in developing and emerging markets. At the time, there was no global or international network which was promoting corporate governance world-wide and the establishment of the Forum was therefore timely and appropriate. Given the pioneering role that had been played by the OECD in defining the Principles, a joint approach between the World Bank and the OECD globally gave credibility and competence to this task.

2 “Private international capital flows … are vital complements to national and international development efforts. To attract and enhance inflows of productive capital, countries need to continue their efforts to achieve a transparent, stable and predictable investment climate. … Special efforts are required in priority areas such as … corporate governance.”
Were the Forum’s objectives right at the outset

3.4 The Memorandum of Understanding (MOU) between the World Bank and the OECD set out the following objectives:

- Awareness raising as a necessary first step in achieving change
- Consensus building needed to achieve change at the regional and national levels
- Technical assistance and capacity building in order to translate principles into actions and to stimulate and build on national and regional initiatives
- Sponsor research to understand gaps in knowledge and best practice lessons
- Disseminate best practice lessons: to build on achievements and spread knowledge on what to do and how to do it.

3.5 Feed-back from the programme of consultations confirms that the mix of objectives was right and that the progression from awareness raising to consensus building, capacity building, research and best practice dissemination was the obvious and logical approach to enhance corporate governance globally. However, some of our consultees considered the lack of specificity in the objectives to be a problem because it means that the measurement of impact is not straightforward. They suggested that high level objectives were kept too vague at the outset and not translated into ‘targets’ or ‘SMART’ objectives. For future Forum activities, they suggested that objectives and activities should be set in greater detail to facilitate review, evaluation and impact assessment.

3.6 It is our view that being specific in this way would have been difficult, maybe even counterproductive, at the early stage of the Forum’s activities. However, the lack of targets or specific objectives does make it difficult to measure how effective the Forum has been in achieving its objectives and for the future greater specificity will be essential.

Were others addressing the Forum’s objectives at the beginning

3.7 Regarding alternative provision, one of the first tasks the Forum set itself was a global gap assessment of support for improved corporate governance. A start was made in this “inventory of worldwide corporate governance activities” during 1999 and a first directory was produced in September 1999; information was collected on the basis of a survey covering a wide range of organisations including companies, universities, governments, associations, banks and financial services firms, and other capacity-building institutions. Activities were structured into six categories including technical advice, policy development, awareness raising, research, training and education and institution building.

SMART objectives are specific, measurable, achievable, relevant and time-based.
3.8 The survey revealed that in the field of corporate governance:

- Efforts were fragmented, both within regions and countries
- There was a need to build up the knowledge base
- There was a lack of obvious resources to promote corporate governance.

3.9 One component of activities in this field were the programme of regional Roundtables which had been started by the OECD during 1999. The first meeting of the Asian Corporate Governance Roundtable was held in March 1999, shortly before the release of the *Principles*. Roundtables for Russia, Latin America, Eurasia and South East Europe followed. The MoU between the OECD and the World Bank identified this programme of regional Roundtables as a key component of the Forum’s strategy, to be managed by the OECD but supported by the Forum through financial and professional support.

**Forum philosophy and approach**

3.10 Before analysing the impact of the Forum’s activities, a few comments on the nature of the Forum’s approach and philosophy provide an overall context.

3.11 The first characteristic is the close involvement of the private sector through the establishment of the Private Sector Advisory Group (PSAG) and the Investor Responsibility Task Force (IRTF), one of three taskforces which were set up to advise and support the Forum. Members of both groups brought credibility and experience to the work of the Forum and helped facilitate many of the high level meetings organised to raise awareness of corporate governance at the regional and country level. The visionary leadership of Ira Milstein in particular played an important role in engaging people of seniority and experience in the activities of the Forum.

3.12 The second characteristic is the stakeholder-driven and inclusive approach adopted by the Forum; rather than imposing pre-defined solutions, the Forum has taken great care to involve decision makers in the regions and countries where it has become active; in this way, it has mobilised commitment and enthusiasm at the regional and country level which has created momentum for change. The impact of this approach was demonstrated most visibly at the recent event in Paris convened to discuss the ‘marked up’ OECD *Principles*. During the two days of 3 and 4 November 2003, high level representatives from 43 countries came together to discuss the relevance and appropriateness of the *Principles* for their environments.

3.13 Below we quote a few comments that were provided to us in the programme of telephone consultations with Latin American Roundtable participants which confirm the appropriateness of the Forum approach:
• “The Forum team have been outstanding – very helpful, sensitive to local conditions and cultures and supportive but not prescriptive.”

• “Often support for this kind of initiative is driven purely by a biased political agenda. With corporate governance this is not the case as the Forum provides an independent view and relies on credibility rather than doing deals.”

• “The Forum teaches people different methods of fishing; it does not simply hand out fish or just teach one method of fishing.”

3.14 The third characteristic is the fact that the Forum has taken care not to duplicate what others have done but to build on activities already taking place or underway. In addition to the OECD Roundtables, this includes, amongst others, activities by the “Center for International Private Enterprise” (CIPE), the Commonwealth Association of Corporate Governance (CACG), the “Financial Sector Reform and Strengthening Initiative” (FIRST) and the work done elsewhere in the World Bank Group under the “Reports on the Observance of Standards and Codes” (ROSC) programme:

• CIPE is an independent, non-profit affiliate of the US Chamber of Commerce. CIPE promotes democratic and market-oriented economic reform by working directly with the private sector in developing countries. Corporate governance is one of some ten priority areas on which CIPE focuses.

• CACG resulted from a technical workshop on corporate governance held in London in 1998. Twenty-four Commonwealth countries attended and set up the CACG. A task force was authorised to establish CACG and then hand the new association over to a council. This was effected on 3 December 1998 when the CACG Council held its first meeting. CACG is an Incorporated Society registered in New Zealand. Its objectives are to “promote best international standards germane to a country on corporate governance through education, consultation and information throughout the Commonwealth to achieve global standards of business efficiency, commercial probity and economic and social development”.

• FIRST is funding the provision of technical assistance across the entire financial sector, including the implementation of international financial standards and codes. This is a $45 million multi-donor initiative established in 2002 which is managed by a consortium of private sector organisations led by Emerging Markets Economics. Corporate governance is one of some twelve areas where FIRST funds technical assistance.

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4 See CACG website

5 The full list of areas which FIRST covers include: Financial Sector Reform, Financial sector legal, regulatory and supervisory frameworks; banking systems; capital markets; payment systems; corporate governance; accounting and
Under the World Bank Group’s ROSC initiative, countries can ask for technical assistance to benchmark and improve one of ten areas of standards and codes of which corporate governance is one.  

**Forum Impact**

**General comments**

3.15 The discussion of the Forum’s impact is structured around the four key components of the Forum’s activities (Roundtables, capacity building, research sponsorship and dissemination of best practice). Measuring the impact is complicated by the fact that at the outset no clear targets were set for any of these activities. Taking into consideration the pioneering nature of Forum activities, it would have been difficult to set such targets at the outset and it might even have been counterproductive, by limiting the ability to react to emerging opportunities. There is always a balance to be struck in policy initiatives between “strategic focus” and “flexibility”; however, the lack of clearly specified targets makes it more difficult to evaluate which of the desired impacts the Forum has achieved and in what measure.

**Box 3.1 : Brazil**

This case study explores the support that has been provided by the Forum to further corporate governance in Brazil.

**The IBGC**

The IBGC was founded in 1985 to address serious shortcomings on the boards of Brazilian companies. The Institute has aimed from its very beginning to be self-sustaining and charges companies membership fees as well as raising additional income through training charges and an annual conference.

The first annual conference on corporate governance was held in 2000 to celebrate the 5th anniversary of the IBGC. The effectiveness of this first conference as a tool for networking and dissemination of best practice led the Institute to establish it as a yearly event. Participation figures have risen steadily.

The Forum has supported the IBGC through three main mechanisms:

- It has helped to raise the national and regional profile of the IBGC conference by paying for the costs of involving international speakers (supporting their flights and subsistence)
- It provided support to train twelve representatives from the IBGC through the Washington-based director professionalism training who in turn have committed themselves to run training courses on corporate governance in Brazil
- It has stimulated a network of Latin American corporate governance professionals who support each other through exchange of information and peer pressure.

6 The ten areas are: Data Dissemination, Fiscal Transparency, Transparency in Monetary and Financial Policies, Banking Supervision, Securities Regulation, Insurance Supervision, Payments and Settlements, Corporate Governance, Accounting & Auditing and Insolvency and Creditor Rights.
The First Latin American Roundtable and the PSAG Meeting

The first Latin American Roundtable took place in São Paulo in April 2000, hosted by the São Paulo Stock Exchange (Bovespa). This provided the first opportunity for policy makers and professionals in the field of corporate governance from Latin America to meet and discuss similarities and differences between their countries.

In Brazil, this meeting was followed up in September 2000 with a meeting of the PSAG and the IRTF on the Brazilian financial market, co-hosted by Bovespa, the Central Bank of Brazil and the Brazilian Securities Exchange Commission. This meeting played an important role in facilitating a number of reforms in the Brazilian company law as well as helping to pave the way for the Novo Mercado.

The Novo Mercado

The Novo Mercado was launched in December 2000. The rationale for its establishment was the fact that the Brazilian legal corporate environment made investment in newly listed companies unattractive for investors. The Novo Mercado was targeted particularly at new company listings but its requirements were designed almost as a ‘bench-mark’ for general future corporate governance standards in Brazil.

Due to the change in the world economic environment in general and the impact of Argentine’s economic crisis on Brazil, the Novo Mercado has not yet been used as much as had been hoped when it was launched. However, Bovespa has used the time of relatively slow activity to educate companies, engaging them through a programme of company visits to prepare the ground for further listings under levels 1 and 2 of the Novo Mercado.

The Latin American Institute

- The Latin American Institute of Corporate Governance (LAICG) was established by the members of the “Latin American Network of Corporate Governance and Director Training” in the course of the capacity building programme in Washington in 2003. While a number of questions such as objectives, activities, budget and management of the LAICG are still being explored, the pure fact of the formation and the existence of the Institute is a strong reflection of the regional cohesiveness of the corporate governance movement which in turn owes a lot to the activities of the Forum.

- Funding for course materials for four modules in the training programme for bank directors in east Asia.

Each of these types of support has substantial leverage. For example, the Yale course developed know how and fired enthusiasm in a relatively small number of people who could attend, which in turn was considered by participants to have had a much wider influence on actions being taken in East Asia subsequently.

Efficiency

The level of financial support provided by the Forum is quite small relative to PICD’s total revenue. However, the leverage appears to have been substantial due to the standing of Dr Estanislao and the network benefits of IDEA.net.

Sustainability

The support provided to PICD and other institutes of directors in the region has been very important in building the internal capacity to deliver corporate governance improvements through training to companies and intermediaries in the region. Moreover, the PICD’s approach to achieve systemic change is inherently sustainable because it recognises that changes to just a few parts of the system are likely to have limited impact and may be temporary.
Conclusion

- Overall, the PICD and related activities – particularly IDEA.net – appear to have been highly successful in taking forward the corporate governance agenda in East Asia, achieving real improvements on the ground and developing institutions and structures which can ensure the long term sustainability of the improvements. However, our consultations revealed a concern that the Forum’s resources should in future be increased because of the scale of the tasks involved in the implementation of good corporate governance.

Box 3.2 : Philippines Institute of Corporate Directors (PICD)

The formation of the Institute in 1999 by Dr Jesus Estanislao was stimulated by the Asian financial crisis and the evident need to improve corporate governance in the Philippines. It coincided with the formation of the Forum and indeed the Forum has played a role in supporting the PICD more or less since the inception of both organisations. Equally, the PICD has been active in various aspects of the Forum’s activities in east Asia.

Relevance

The Forum's support for the PICD is directly relevant to the implementation of corporate governance reforms in the target countries. Due to the status and interests of the President of the PICD, the support provided by the Forum has a much wider relevance than just to the Philippines. In particular through IDEA.net and the Roundtables, PICD has been instrumental in supporting the development of region-specific priorities for corporate governance.

Efficacy and Impact

The most important benefits of Forum support for the PICD have been:

- Enabling officers of the PICD and other Institutes in east Asia to attend a one week training course on corporate governance at Yale. This appears to have had a major impact on the individuals who attended, providing them with much greater understanding, knowledge and confidence in taking forward corporate governance reforms and actions in their home countries
- The influence of the PSAG, of which Dr Estanislao is a member, which provides practical help and credibility to the PICD and other institutes in the region
- Providing support for IDEA.net meetings
- Funding for course materials for four modules in the training programme for bank directors in east Asia.

Each of these types of support has substantial leverage. For example, the Yale course developed know how and fired enthusiasm in a relatively small number of people who could attend, which in turn was considered by participants to have had a much wider influence on actions being taken in East Asia subsequently.

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Box 3.3: Corporate Governance Roundtables

A major part of the Forum’s activities is linked to the joint World Bank/OECD Regional Corporate Governance Roundtables which have been held in Asia, Eurasia, Latin America, Russia and South Eastern Europe. The Roundtables bring together leaders from prominent organisations in the public and private sectors in a policy dialogue framed by the OECD Principles of Good Corporate Governance.

The main support provided by the Forum comprises funding for approximately 25% of the costs of managing the Roundtable programme. This accounts for approximately 15% of the Forum’s budget.

Relevance

The Roundtables have been crucial to the achievement of the Forum’s objectives insofar as they have provided mechanisms to raise awareness of, and to promulgate, corporate governance principles and to develop region-specific policies and initiatives.

The production of regional White Papers represents a major step in interpreting and developing the OECD Principles for application in each region. The White Papers have helped to operationalise the principles and, of key importance, they counter the strong argument in some parts of the world – notably Asia – that the Principles are based on a particular world view which is not applicable to all cultures.

The widespread participation in the Roundtables suggests that they are seen as relevant and useful to a wide range of organisations in all countries and regions. Initially, the Roundtables have tended to attract the more advanced of the developing countries in each region. However, participation from lesser developed countries has increased over time in all Roundtables.

Efficacy and impact

Since 1999, there have been 23 Roundtables organised in five regions, involving some 2,000 participants from 28 non-OECD member countries. The impacts that can be attributed to the Roundtable programme include:

- Raising awareness of corporate governance issues
- Establishing consensus
- Identifying priorities for reform
- Identifying technical assistance needs
- Improving action planning
- Exchanging and disseminating best practice.

Efficiency

The prior existence of the Roundtables provided the Forum with a very efficient means of launching its activities in most regions of the world. It is very likely that the objectives of the Forum to raise awareness and develop the OECD Principles through the White Papers have been achieved more quickly, and more cost-effectively, than they would have been without the existence of the Roundtables and the experienced team in the OECD.
Sustainability

The codification of the main outputs of the Roundtables, in the form of the White Papers, should help to ensure that the progress made, and agreements reached, are sustainable. However, work remains to be done in implementation and enforcement for which the continuing existence of the Roundtables could be a useful tool. It unlikely though that the Roundtables will continue without the ongoing support of the OECD and the Forum.

Roundtables

What was the wider objective

3.16 The wider objective of the programme of Roundtables was to raise awareness of corporate governance issues globally as well as to build a consensus at regional and country levels on how to improve it.

Support provided by the Forum

3.17 The MoU confirmed the partnership arrangement between the Forum and the OECD in organising the Roundtables. The OECD had established the Regional Corporate Governance Roundtables in 1999 to support corporate governance reform worldwide, especially in non-OECD member countries. The first meeting of the Asian Corporate Governance Roundtable had taken place in March 1999, shortly before the release of the Principles. Roundtables for Russia, Latin America, Eurasia and South East Europe followed.

3.18 While the OECD took prime responsibility in organising the Roundtables, the Forum provided both financial as well as technical support in their preparation and associated events. The financial contribution to the OECD Roundtables amounted to a total of $813k which covered travelling expenses, subsistence, cost of venues and support for the production of White Papers which were produced on the basis of competitive bidding by country representatives for a fee of $25,000. It also supported three members of staff in the OECD’s Roundtable secretariat in Paris.

3.19 In addition to the OECD Roundtables, the Forum supported Roundtable-style meetings in the Middle East, Africa and the Caribbean. While not officially badged as “Roundtables” (but jokingly referred to as “Coffee Tables”), those meetings had similar objectives to the OECD events and covered corporate governance issues in regions not covered by the OECD model, thereby helping truly to make this a global initiative. The Forum’s financial contribution to these meetings amounted to about $805k.

What has been achieved

3.20 The total number of participants at all these meetings is summarised in Table 3.1 below.
### Table 3.1: Total Roundtable (and Roundtable-type) events by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Total attendances at events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>544</td>
</tr>
<tr>
<td>Eurasia</td>
<td>452</td>
</tr>
<tr>
<td>Latin America</td>
<td>630</td>
</tr>
<tr>
<td>Russia</td>
<td>737</td>
</tr>
<tr>
<td>South East Europe</td>
<td>339</td>
</tr>
<tr>
<td>‘Coffee Tables’</td>
<td>585</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3287</strong></td>
</tr>
</tbody>
</table>

NB: The figures for each region include a core group of between 50 and 100 participants who have attended all Roundtable meetings.

3.21 Discussions at the regional Roundtables were broadly structured into the five main components of the *Principles* (rights of shareholders and key ownership functions, equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and responsibilities of the board). One of the helpful ‘design features’ of the Roundtables was that they were not just talking shops but had the explicit remit to work towards a regional corporate governance White Paper. “The conclusions and recommendations in the White Papers have been developed and agreed by the participants on a consensus basis. Guided by the *Principles*, these White Papers have identified common policy objectives and concrete recommendations for reform. The White Papers will, together with other regional and national initiatives, serve as a blueprint for reform and the Roundtables’ future work.”

7 The contract to write the White Paper included the commitment to set up an Institute of Directors and to write a business plan for its operation.

3.22 There were three key advantages of organising the Roundtables in this way:

- The task to produce an output in the form of the Regional White Paper gave clear structure and purpose to the meetings and prevented them from being just ‘talking shops’

- Production of regional White Papers helped to shape a regional agenda which in turn provided several levers to move the policy agenda forward at country level; consultations confirmed that the regional approach produced a certain amount of intra-country peer pressure at the policy level to be at least as good as the neighbour in furthering corporate governance

- The country/organisation charged with writing the White Paper committed itself to capacity building as well as to the writing task.

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7 ibid, page 13.
3.23 Our programme of consultations also revealed a small number of critical voices concerning this specific way of organising the Roundtables:

- The clear target of producing the Regional White Papers, while conducive to a focused discussion on the key regional issues, also ‘glossed over’ some of the country specific issues and therefore left several matters unresolved, to be addressed later through implementation-oriented discussion.

- The process of building consensus was time-consuming and it was perceived by some to result in relatively little progress being made from one Roundtable meeting to the next.

- Having achieved the White Papers, there is now a concern that there could be an implementation ‘vacuum’ because translating the regional priorities into national implementation and policies is far from straightforward.

3.24 The key results of the OECD Roundtables are summarised below.

<table>
<thead>
<tr>
<th>Key Outputs and Outcomes from the OECD Roundtables  (January 2003 – November 2003)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asian Roundtable</strong></td>
</tr>
<tr>
<td>Issued White Paper on Corporate Governance in Asia</td>
</tr>
<tr>
<td>Three-fourths of Asian securities commissions have welcomed or endorsed White Paper</td>
</tr>
<tr>
<td>(including Bangladesh, China, Hong Kong China, Indonesia, Malaysia, Pakistan, Philippines, Chinese Taipei and Thailand)</td>
</tr>
<tr>
<td>White Paper extensively and favourably reviewed by international business press including Financial Times and Economist.</td>
</tr>
</tbody>
</table>

| **Eurasia Roundtable** |
| Preparation of a Comparative Overview of Corporate Governance in Eurasia, presented at the 4th Roundtable meeting 29/30 October in Bishkek |
| The Comparative Overview is based on detailed country specific questionnaires |
| Using the OECD Corporate Governance Principles as a Benchmark, the overview compares legal frameworks, implementation policies, institutions and corporate practice in the region |
| It benefits from the Roundtable discussions, including from international and local expertise. |

| **Latin American Roundtable** |
| The White Paper on Corporate Governance in Latin America has been issued in November 2003, including a launching event for the media in Washington on 13 November. |
| The White Paper provides a regional consensus for action in all areas addressed by the OECD Principles ..., plus specific actions to promote implementation and enforcement. |
| The Roundtable meetings have helped to develop stronger, region-wide momentum for reform: in addition to the initial, broad-based participation of Argentina, Brazil and Chile, they now feature active support from Bolivia, Columbia, Peru and Venezuela, and strong high-level involvement, including participation of five Securities Commissions heads at the most recent meeting. |
Russian Roundtable

Launched next phase of work focused on policy-design and implementation
Issued White Paper on Corporate Governance in Russia (April 2002)
The White Paper has been welcomed and endorsed by senior officials from Russia including the Federal Commission on the Securities Market, the Ministry for Economic Development and Trade, the Supreme Arbitrazh Court and Representatives of the State Duma
The White Paper was extensively and favourably reviewed by the Russian and international press, including the Wall Street Journal and Financial News

South East Europe (SEE) Corporate Governance Roundtable

Six countries have organised or will organise special events to present the White Paper
The White Paper has been translated in five regional languages by Roundtable participants.

3.25 Our own survey of Roundtable participants which is reproduced in full in Appendix F confirms that Roundtables have been highly effective in raising awareness and establishing consensus. Respondents were asked to rate the effectiveness and impact of the Roundtable in which they had participated. Participants rated the Roundtables highly across all dimensions but particularly highly rated were “raising awareness of corporate governance issues” and “experience exchange and dissemination of best practice”. Interestingly though, for all measures the Roundtables were rated as being marginally more effective at the regional than the national level. This reflects findings from our programme of consultations which highlighted that these events and networks are making a real difference to the development of corporate governance at the regional level, but that there are inevitably challenges in applying the issues identified in the Regional White Papers at the national level.

3.26 Nevertheless, nearly all respondents to the e-mail survey identified national level achievements or outcomes that had been influenced by the regional Roundtable process:

• In Latin America, respondents mentioned the importance of the Regional Roundtables process to the development of new laws, guidelines and procedures in Brazil, Mexico, Columbia and Peru; respondents commented that the close association with the OECD and the World Bank had given these events the credibility needed to engage influential individuals at the regional and country level. One respondent commented that these events were different from previous occasions where programmes would just consist of “mere wish lists from investors”

• There is also considerable evidence that the Roundtable activities have influenced national level outcomes in Russia where these events appear to have raised awareness of corporate governance in government, the business community and amongst the general public. Many of the Russian respondents mentioned the impact the
Roundtable has had on the development of a Russian Corporate Governance Code; the Roundtable was described as a “permanently functioning forum for constructive dialogue on the issues of corporate governance”.

3.27 The Roundtable meetings helped to “establish and sustain regional coalitions for improved corporate governance.” They brought together not just representatives from the respective region but also involved regional and international bodies charged with development funding including the international development banks, accountancy standards, trade and securities. The meetings helped either to consolidate or to stimulate regional corporate governance networks.

3.28 Networks where the Forum consolidated activities include:

- IDEA.net (Institutes of Directors East Asia Network) which was formed in South East Asia in the wake of Asia’s financial crisis; this is a director professionalism group which began working together in the Philippines in 2000. While the network existed prior to receiving Forum support, our consultations revealed that the development and cohesiveness of the network has benefited from the range of Forum activities, particularly through the Roundtable programme and the capacity building initiatives.

- The Latin American network has recently been strengthened by the formation of the Latin American Institute of Directors which emerged in the course of the Latin American director training programme. The Institute in turn emerged from the “Network of Latin American Institutes of Corporate Governance” which was founded in April 2002, with the inaugural meeting held in Mexico City preceding the Roundtable meeting. It is unlikely that this network would have emerged without the support provided by the Forum and the IFC.

3.29 Networks where the Forum has stimulated activities include:

- The Pan African Consultative Forum on Corporate Governance which would not have existed without Forum stimulation, encouragement and support; so far, two Forum-supported events have taken place (Johannesburg in July 2001 with 34 countries represented and July 2003 in Nairobi with 41 countries represented).

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8 OECD: Experiences from the Regional Corporate Governance Roundtables. Paper prepared by the OECD Corporate Affairs Division with the support of a grant from the Global Corporate Governance Forum. Presented at the High Level Working Meeting and Consultation on the OECD Principles of Corporate Governance in Paris, 2 – 4 November, page 13

9 IDEA.Net covers China, Hong Kong, Korea, Indonesia, Malaysia, the Philippines, Singapore, Chinese Taipei, and Thailand.
• The Caribbean-wide Corporate Governance Forum which met for the first time in St Kitts in September 2003. This meeting helped to re-energize the corporate governance movement in the Caribbean where the response to corporate governance issues had been limited to a few country-specific initiatives.\(^{10}\)

• The Middle East & North Africa (MENA) Network which received support from the Forum as well as CIPE; the last MENA meeting took place on 7 September 2003 in Cairo; participating countries included Egypt, Jordan, Lebanon, Morocco, Palestine Authority and Saudi Arabia. The MENA corporate governance working group decided to convene again in the near future further to discuss priorities for reform and issues related to family-owned firms, the role of banks, and the implementation of international disclosure standards. The Lebanese delegation offered to host the next meeting and participants agreed to invite more countries from the region to participate in this initiative. \(^{11}\)

3.30 While not a direct result of the programme of Roundtables, other Forum activities were undertaken to raise awareness and build consensus, often in conjunction with Roundtable events. In several regions, the Forum has taken the event of a regional Roundtable as an anchor for other activities, in particular meetings of the PSAG and IRTF. For example:

• The first Latin American Roundtable in Rio de Janeiro was combined with a meeting of the PSAG/IRTF to discuss corporate governance in Brazil and in turn attracted attendance of senior representatives from government, the financial and the corporate sector. While not directly responsible for the development of the Brazilian Novo Mercado, our consultations revealed that this meeting helped to smooth the way of the Novo Mercado through the legislative system (see case study in the Appendix)

• Similar high level meetings took place in China\(^ {12}\), Colombia, Russia and South Africa and brought together members of the IRTF with leaders from the business, government and academic communities. At these meetings, candid views were exchanged on what countries can do to improve the climate for long-term investment. These meetings were organised with the help of the IFC network and were prepared with briefing material produced by IFC.

\(^{10}\) The cohesiveness of the Caribbean network has recently been increased by the establishment of a regional securities exchange (the Eastern Caribbean Securities Exchange – ECSE). The head of this exchange has been intensively involved in the Caribbean activities supported by the Forum. The ESCE covers the eight member territories of Anguilla, Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines.

\(^{11}\) Paper on Middle East and North Africa Corporate Governance Workshop tabled by the Forum Secretariat at its 5 November 2003 Steering Committee Meeting.

What has been the additionality

3.31 The Roundtable Programme had already been on the way when the Forum started its activities. However, Forum involvement and support had several impacts:

- It has widened the geographical scope of meetings. The events in Africa, the Caribbean and Middle East were supported by the Forum (and other sponsors such as CIPE) in addition to the ongoing OECD Roundtable programme. It is highly unlikely that they would have happened without Forum support.

- It has increased the high level attraction of these activities. While the OECD is an organisation with significant prestige, the Forum’s close association with the World Bank Group, PSAG and IRTF have increased the ‘authority’ of these events and has meant that regional and country representatives were of a higher seniority than would otherwise have been likely. There is little doubt that the World Bank Group’s importance with respect to questions of funding and debt rescheduling and the combined fund size of members of PSAG and IRTF acted as strong pulls to get on board individuals at Ministerial and Department level.

- It has increased the financial flexibility of Roundtable organisation; while the Forum’s contribution to overall Roundtable activities is only approximately 15%, this contribution could be used more flexibly than funding from other sources and therefore the value is disproportionately high.

- The Forum has funded three members of staff in the OECD’s Roundtables Secretariat. Without these staff, the programme would not have been so comprehensive or so efficiently managed.

- The Roundtables have also been an important platform for some of the other activities undertaken by the Forum, in particular the capacity building programme, research sponsorship and the dissemination of best practice.

Capacity Building

What was the wider objective

3.32 The wider objective of the capacity building programme was to develop a network of professionals at the regional and country level who would be able to offer director training programmes. It was recognised that Institutes of Directors (or similar organisations) can perform a crucial role in promoting corporate governance; however, many countries in the developing world do not have such institutes and if they do exist, they are not equipped to offer corporate governance training.
Support provided by the Forum

3.33 The key activities within the wider objective of capacity building have been two programmes of director training, the first one targeted at participants from East Asia in 2002 and the second one involving participants from Latin America in 2002. Support covered travelling expenses and subsistence for the participating professionals, fees paid to teachers and trainers, teaching material, costs of the venue and refreshments.

What has been achieved

3.34 The first programme was developed with the help of the International Institute for Corporate Governance at Yale University and took place in Yale in July 2002. The programme involved a team of 32 leaders from IDEA.Net. The programme covered a train-the-trainers workshop and curriculum development programme for organisations training directors. IDEA.Net participants mapped a common goal of building a common curriculum and certification for Asia and developing pertinent case studies from the region to be used in future by IDEA.Net participants.

3.35 Participants were taught by a group of experts led by Florencio López de Silanes, a leading international scholar on corporate governance and comparative institutions and the Director of the Yale School of Management (SOM) International Institute for Corporate Governance, and Ira Millstein, senior partner of Weil, Gotshal and Manges in New York City and Eugene F. Williams Jr Visiting Professor in Competitive Enterprises and Strategy at Yale SOM. The press release issued by Yale SOM stated: “The Corporate Governance Executive Program at Yale is the first-of-its-kind in that it educates people who in turn teach corporate governance or build related curricula through a highly interactive, peer-driven program.”

3.36 The second programme was targeted at professionals from Latin America and was organised by members of the Forum and representatives of the PSAG. As the first programme, it involved academics from various international centres of expertise in corporate governance as teachers and trainers. However, instead of Yale this programme took place in Washington at World Bank premises because through the alternative venue significant cost savings could be realised (due to cheaper accommodation, subsistence and travelling costs). The Yale ‘badge’ and the lead participation by Florencio López de Silanes and Ira Millstein were maintained.

3.37 Each programme involved some 30 people from the respective regions. They were taught by some 20 corporate governance experts over the period of the programme; some of the lead trainers (in particular Florencio López de Silanes and Ira Millstein) were engaged over the whole teaching period. Participants had to commit themselves before coming onto the programme that they would use the knowledge and skills acquired to run courses in corporate governance on return to their home countries. In this way, the Forum has helped to develop a

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13 Yale School of Management : News and Events 2002
Evidence gathered during our field trips to the Philippines and Brazil confirmed the important role which the Forum played in this respect:

- Three officers of the Philippines Institute of Corporate Directors (PICD) attended the first training programme. As a result, they gained confidence and know-how to deliver training programmes in the Philippines and develop training material with potential application throughout the region (through IDEA.net). Attendance at the Yale course also helped increase their credibility in the Philippines with key organisations. Delivery of training is a key part of PICD’s plans to generate most of its funding from charges for services within five years.

- In Brazil, the professionals involved in the corporate governance programme in Washington are all committed to deliver a range of corporate governance training programmes which will reach a large number of directors in companies of various sizes and ownership structures.

Participation in the two capacity building programmes has also had wider impacts on corporate governance in the two regions represented:

- In South East Asia, the capacity building programme has helped to consolidate IDEA.net as the network for corporate governance officials in East Asia.

- The Latin American capacity building programme has stimulated the establishment of the Latin American Institute of Corporate Directors which is committed to further the corporate governance agenda regionally.

**What was the additionality**

There is strong evidence that there would not have been regional capacity building programmes without the support from the Forum; while the need for such a programme was clearly recognised in both regions that took place in the first two programmes, there were several constraints that would have prevented these programmes from happening on their own accord:

- Knowledge: while knowledge of corporate governance is becoming more widespread across the globe, none of the organisations participating from East Asia and Latin America would have been sufficiently knowledgeable or confident to be able to offer a regional capacity building programme.

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14 The Forum organised an assessment of participants’ views of the two capacity building programmes and the results are contained in Appendix H.
• Financial resources: participation in the training programme required commitment of time and money on part of the participants; it is unlikely that these resources would have been forthcoming without external support

• Credibility: the sponsorship by the World Bank through the Forum was crucially important in getting high level participation in both programmes.

3.41 In considering the additionality, account needs to be taken of the fact that the two programmes did not ‘just’ train some 60 professionals from the two regions but that in turn these professionals have (and will continue to) run courses on corporate governance for company directors as well as for public sector and NGO intermediaries. Participation in the capacity building programme gave them both essential know how as well as credibility in their home countries.

Research sponsorship

What was the wider objective

3.42 The objective of the research mandate was to gather evidence on the impact of corporate governance, particularly in a form which supports the corporate governance reform process, and the main obstacles to corporate governance improvements. Research was designed to be practical - ie oriented towards the policy process - and of the highest quality.

Support provided by the Forum

3.43 The Forum has encouraged and sponsored corporate governance research through several activities, in particular support for the formation of research networks and the commissioning of specific research projects.

What has been achieved

3.44 The Forum has launched a Global Corporate Governance Research Network to support the corporate governance policy agenda with substantive research evidence and data. The network is under the academic leadership of Professor Stijn Claessens and Professor Florencio López de Silanes, both leading internationally recognised experts in this field, and includes the internationally recognised ‘cream’ of corporate governance researchers.\textsuperscript{15} The academic network is generating research and expanding the breadth of knowledge on corporate governance.

\textsuperscript{15} In addition to Stijn Claessens and Florencio Lopez de Silanes, the network includes (in alphabetical order) Reena Aggarwal, Marco Becht, Erik Berglof, Arturo Bris, Gonzalo Castañeda Ramos, Omar Chisari, Simeon Djankov, Sergei Guriev, Charles Himmelberg, Jou Ishii, Leona Klapper, Larry Lang, Ricardo Leal, Ross E. Levine, Jonathan Macey, Randall Morck, Charles Okeahalam, Alisa Röell and Luigi Zingales.
3.45 Discussion papers have been written on enforcement, family firms, bank governance and state-owned enterprises. Topics were chosen not on the basis of ‘academic’ interest but in order to address gaps in knowledge to further corporate governance improvement.

3.46 To discuss policy issues and identify gaps in knowledge, Global Corporate Research Network meetings have been held in Chile (for Latin America), Hungary (for Europe and Central Asia), Korea (for East Asia) and South Africa (for Africa). A meeting in India is due to take place in December 2003.

3.47 Another aspect of the Forum’s research activities has been the Global Investor Opinion Survey which has been undertaken by McKinsey in cooperation with the Forum. “According to the McKinsey Global Investor Opinion Survey 2002, surveyed investors have rated corporate governance as one of the key criteria when selecting companies in which to invest. The survey established that in every region of the world investors say that they would be willing to pay a premium for the stock of a well-governed company.”  

3.48 Most recently, the orientation towards implementation has resulted in an inventory of “tools” to be used in the course of furthering good corporate governance as summarised on Table 3.3 below.

### Table 3.2 Examples of Tools for Implementation of Corporate Governance

<table>
<thead>
<tr>
<th>Corporate Governance Tool</th>
<th>Relative Importance in Developing and Emerging Markets</th>
<th>Scope for Policy Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling shareholders</td>
<td>Likely to be the most important governance mechanisms</td>
<td>Strengthen rules protecting minority investors without removing incentives to hold controlling blocks</td>
</tr>
<tr>
<td>Takeovers/changes in control</td>
<td>Unlikely to be important when ownership is strongly concentrated; can still take place through debt contracts</td>
<td>Remove some managerial defences; disclosure of ownership and control</td>
</tr>
<tr>
<td>Independent boards of directors</td>
<td>Unlikely to be influential when controlling owner can hire and fire board members</td>
<td>Introduce elements of independence of directors; training of directors; disclosure of voting; enhance minority protection with cumulative voting; board veto powers</td>
</tr>
<tr>
<td>Align incentives: executive compensation</td>
<td>Less important when controlling owner can hire and fire</td>
<td>Disclosure of compensation schemes, conflicts of interest rules</td>
</tr>
<tr>
<td>Bank monitoring</td>
<td>Important, but depends on health of banking system and the regulatory environment</td>
<td>Focus on board improvements; develop risk management models that include corporate governance</td>
</tr>
<tr>
<td>Shareholder activism</td>
<td>Potentially important, particularly in large firms with dispersed shareholders</td>
<td>Encourage interaction among shareholders. Strengthen minority protection. Enhance governance of institutional investors. Disclosure of ownership and control. Require qualified majorities for major transactions</td>
</tr>
<tr>
<td>Stakeholder monitoring</td>
<td>Potentially important, particularly in smaller companies with high-skilled human capital where threat is high</td>
<td>Disclosure of information to employees; possibly require board representation; assure flexible labour markets</td>
</tr>
<tr>
<td>Litigation</td>
<td>Depends critically on quality of courts and judiciary but can sometimes work</td>
<td>Facilitate communication among shareholders; encourage class-action and/or derivative suits with safeguard against excessive litigation</td>
</tr>
<tr>
<td>Reputation/ratings agencies</td>
<td>Potentially important, but depends on competition among and independence of media</td>
<td>Encourage competition in and diverse control of media; active campaigns can empower public; foster private ratings; publish benchmark studies</td>
</tr>
<tr>
<td>Arbitration</td>
<td>Potential untested; requires public law as backstop</td>
<td>Facilitate formation of private 3rd party mechanisms</td>
</tr>
<tr>
<td>Bilateral private enforcement mechanisms</td>
<td>Important, as they can be more specific, but do not benefit outsiders and can have downsides</td>
<td>Requiring functioning civil/commercial courts; private contracting to be facilitated; dissemination of best practices</td>
</tr>
<tr>
<td>Auditors, other multilateral mechanisms</td>
<td>Potentially important, but conflicts of interest and lack of capacity</td>
<td>Facilitate the formation of private 3rd party mechanisms (sometimes avoid forming public alternatives); deal with conflicts of interest; ensure competition</td>
</tr>
</tbody>
</table>

This table has been adapted by the Forum from a discussion paper on enforcement by Erik Berghof and Stijn Claessens.

**What was the additionality**

3.49 Given their status as leading researchers in this field, it is more than likely that the members of the research network would have worked and published in this field even without the support of the Forum. However, the Forum has had three major impacts:

- the agenda has been shaped towards very practical and policy oriented research which can also now be used to shape the agenda for the next stage of Forum work
• Forum support has helped to create a functioning network of researchers who draw stimulation and knowledge from each other

• Forum support has raised the visibility of corporate governance research and lifted it from an academic domain into a sphere where decision makers can benefit. For instance, the working papers on various aspects of corporate governance commissioned by the Forum are being widely discussed at the various regional and global networking events, most recently at the Paris gathering in early November 2003.

**Dissemination of best practice**

**What was the wider objective**

3.50 The wider objective of the best practice dissemination objective was to inform decision makers and practitioners at the global, regional and country level about developments in the field of corporate governance that could help in improving best practice everywhere.

**Support provided by the Forum**

3.51 The Forum has supported best practice dissemination through a wide range of activities. This includes actions that have been mentioned before with respect to other objectives such as the regional Roundtables, the special country events, the capacity building programmes, the research network and, most recently, the corporate governance convention to discuss the “Marked Up” Principles.

**What has been achieved**

3.52 In addition to these activities, the Forum has interpreted its best practice dissemination mandate practically and tried to capture experience in this field through the development of a series of toolkits. The toolkit idea arose because “many recommendations for corporate governance reform are at a conceptual level that makes implementation difficult, or do not provide a base of practical experience upon which to draw. Countries are routinely advised to implement measures, but the sequence, mechanisms and ‘clustering’ of initiatives that is needed for effective reform are rarely addressed.” 17

3.53 The first in the series with the topic “Building Director Training Organisations” was finished in time for the Paris Convention in November 2003. It was developed by a group of international contributors and country representatives. 18

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17 Internal Briefing Paper on “Development of a toolkit for country corporate governance reforms”, page 1

18 The list of international contributors includes Alexander Berg (Senior Private Sector Development Specialist, Investment Climate, World Bank Group); Geoffrey Bowes (Director, Commonwealth Association of Corporate Governance); Michael Gillibrand (Special Advisor and Head of Advisory Services, Commonwealth Secretariat), Darrin Hartzler (Senior Corporate Governance Officer, International Finance Corporation); Florencio Lopez de Silanes (Director. The
3.54 The toolkit is structured into five modules (Starting, Structuring, Training, Expanding and Monitoring) and offers “step by step guidance on building organizations that will train directors to fulfil their professional role, advocate policy reform to ensure that corporations fulfil society’s expectations, and represent the profession of directors.”¹⁹ “The toolkit’s objective is to provide a practical resource for developing and emerging markets in crafting country level reform strategies based on general recommendations discussed in various fora.”²⁰ The toolkit provides “policy makers, private sector decision makers and/or NGOs with a road map and implementation mechanisms to help structure step-by-step efforts to improve corporate governance at the country level.” ²¹

3.55 The second toolkit on “Codes of Best Practice” has been commissioned and representatives from Sri Lanka are taking the lead in writing it while representatives from 12 other countries are participating in the compilation of material.

3.56 It is too early to know for certain how effective the toolkit approach will prove to be. However, feedback from the programme of consultations confirms that the practical way in which the Forum has interpreted the best practice dissemination objective is widely applauded. Moreover, there is demand for a roll-out of the director training based on the toolkit approach in Botswana, Chile, China, Egypt, Turkey and the United Kingdom (!).

What has been the additionality

3.57 While the toolkits clearly support other initiatives in the field of corporate governance improvements, it is unlikely that anybody else would have taken the initiative to develop these practical step by step guides.

Forum Impact: Other achievements

3.58 Before moving on to look at the efficiency of Forum activities, two other achievements should be discussed under the general heading of ‘Forum impacts’ which do not easily fit into any of the specific objectives but have been crucial in furthering corporate governance globally.

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¹⁹ Global Corporate Governance Forum : Toolkit 1 User Guide page 1
²⁰ Internal Briefing Paper on “Development of a toolkit for country corporate governance reforms”, page 1
3.59 The first of these additional achievements is the coverage corporate governance was given at the Monterrey Conference on Financing for Development which took place in Monterrey in Mexico in March 2002. Facilitated by the fact that Norway was co-hosting the meeting, a special session on corporate governance was integrated into the conference programme and the news release of 21 March 2003 stated that “ministers, private sector leaders, and NGOs called upon the Monterrey conference delegates to continue to elevate the dialogue on anti-corruption and corporate governance and build upon the meeting to develop the practical tools for effective reform. Panellists included high level speakers from OECD, Commonwealth, Mexico, Pakistan, Philippines, Poland, USA and Zambia.”

3.60 The second of these additional achievements is the “High Level Working Meeting and Consultation on the OECD Principles of Corporate Governance” which took place in Paris in the period 2 – 4 November 2003 and brought together representatives from 43 countries. The meeting addressed several objectives including:

- A review of lessons learned in the reform process based on the experience of the regional Roundtables and related fora
- Dissemination of best practice through technical workshops
- Consultation on the OECD Principles.

3.61 This was an impressive gathering of the global corporate governance ‘movement’ which the partnership working of the OECD and the World Bank Group and in particular the activities of the Forum have helped to develop over the last three years.

**Forum Efficiency**

3.62 Within the wider issue of management, two different areas are considered:

- Management and partnership arrangements
- Budget

**Existing management and partnership arrangements**

3.63 The key components of the Forum’s management and partnership structure have included:

- A small secretariat with a staff of six (one manager, one consultant, two projects officers, one assistant and one directory consultant)

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22 Developing country leaders call on Monterrey meeting to tackle corruption and corporate governance with action. News release by Global Corporate Governance Forum on 21 March 2002.
• Close partnership workings with the World Bank Group (in particular World Bank, IFC and World Bank Institute) and the OECD

• A Steering Group composed of the eight country donors representatives, the World Bank Group and the OECD

• the Private Sector Advisory Group (PSAG)\textsuperscript{23} which includes representatives of some of the key private sector organisations working in the field of corporate governance including legal practices, financial sector organisations and prominent Institutes of Directors; members of this group have frequently given time to participate in events, contribute to or comment on documents and provide advice

• several task forces forming high level working groups on areas of specialist concern which require innovation in thinking and practice. Initially, these have included a Task Force on Audit and Accounting, an Investor Responsibility Taskforce and a Media Group examining the role of the financial press and debate on global standards.

• Working relationships with organisations such as the Commonwealth Secretariat, the Regional Development Banks, FIRST and various others.

3.64 Concerning the efficiency of these management and partnership arrangements, the following ‘gains’ and ‘losses’ have been identified:

<table>
<thead>
<tr>
<th>Table 3.3 : Efficiency gains and efficiency losses in the Forum’s management and partnership arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gains</strong></td>
</tr>
<tr>
<td>Operation from within the World Bank Group raises credibility and helps in networking</td>
</tr>
<tr>
<td>Partnership working with other public sector organisations has leveraged in support (in particular IFC and OECD)</td>
</tr>
<tr>
<td>Partnership working with private sector organisations has leveraged in support (time given by members of PSAG and the various task forces has not been paid for by the Forum)</td>
</tr>
</tbody>
</table>

**Budget**

3.65 A detailed break-down of Forum income and expenditure is provided in Appendix G. Table 3.4 and 3.5 below summarise Forum expenditure for the four years of activity 1999/2000 to 2003/2004 (projected) by region and by activity category.

\textsuperscript{23} The MoU between the WBG and the OECD states that “A senior Private Sector Advisory Group (PSAG) will be established. The improvement of corporate governance practices within countries will require partnership between public and private sectors. The PSAG will engage the private sector in playing a major role in the improvement of corporate governance practices within countries” (para II 5)
Table 3.4: Forum spending by region

<table>
<thead>
<tr>
<th>Regional (in US$ thousands)</th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04 Proj</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting-up Costs for the Forum</td>
<td>646</td>
<td>700</td>
<td>1,345,962</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>355</td>
<td>1379</td>
<td>1,734,007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>98</td>
<td>386</td>
<td>484,018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Asia &amp; the Pacific</td>
<td>442</td>
<td>250</td>
<td>691,549</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe &amp; Central Asia</td>
<td>290</td>
<td>163</td>
<td>453,193</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America &amp; the Caribbean</td>
<td>145</td>
<td>302</td>
<td>446,780</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>32</td>
<td>283</td>
<td>315,099</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Asia</td>
<td>104</td>
<td>84</td>
<td>188,559</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>339</td>
<td>271</td>
<td>609,445</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncommitted funds (as of 30 Sep 2003)</td>
<td>609</td>
<td>609,445</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>646</td>
<td>700</td>
<td>964</td>
<td>1804</td>
<td>3728</td>
<td>7,842,275</td>
</tr>
</tbody>
</table>

Table 3.5: Forum spending by activity category

<table>
<thead>
<tr>
<th>Activity (in US$ thousands)</th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04 Proj</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting-up Costs for the Forum</td>
<td>646</td>
<td>599</td>
<td>659,835</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational</td>
<td>533</td>
<td>525</td>
<td>1106</td>
<td>2,164,029</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raise Awareness &amp; Build Consensus</td>
<td>66</td>
<td>169</td>
<td>307</td>
<td>541,817</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advisory Panels</td>
<td>86</td>
<td>519</td>
<td>356</td>
<td>960,501</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Assistance &amp; Capacity Building</td>
<td>91</td>
<td>53</td>
<td>1151</td>
<td>294,652</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsor Research</td>
<td>199</td>
<td>928</td>
<td>1,126,956</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disseminate Best Practice</td>
<td>101</td>
<td>189</td>
<td>339</td>
<td>900,092</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>609</td>
<td>609,445</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncommitted funds (as of 30 Sep 2003)</td>
<td>609</td>
<td>609,445</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>646</td>
<td>700</td>
<td>964</td>
<td>1804</td>
<td>3728</td>
<td>7,842,275</td>
</tr>
</tbody>
</table>

3.66 In total, the Forum is likely to spend just under $8 million in this period. Given the absence of SMART targets and the pioneering nature of the Forum’s activities, it is difficult to say whether the Forum has been ‘efficient’ in its expenditure and whether Forum spending represents value for money. However, we feel confident to state the following:

- The Forum has been effective in the way it has provided its funding; it has always tried to leverage in other sources of funding to achieve outcomes. For instance, it has worked very closely with the OECD on making sure that resources for travel and subsistence costs associated with the Roundtable meetings were optimised.

- The Forum has been responsive to opportunities to reduce costs; for instance, the cost of the second capacity building programme in Washington was almost halved by shifting it from Yale to Washington, thereby significantly reducing the accommodation and travel costs incurred in the course of the programme.
• The Forum has leveraged in contributions from others:
  
  ➢ The IFC has supported Forum activities through its network of offices and the production of briefing papers; members of IFC have also been involved in the production of many of the Forum publications; in total, IFC estimates that the time contribution from the three professionals who worked most closely with the Forum (Mike Lubrano, Darrin Hartzler and Peter Taylor) amounted to close to 5,000 hours over the three financial years 2000/01 – 2002/03.

  ➢ Members of PSAG and IRTF have given free time and commitment to many of the meetings and have also contributed to the various publications which the Forum has produced.

3.67 We understand that the Forum has just started to introduce a code of some 50 different activity and spending categories. Together with a clearer specification of targets, this will help in the evaluation of value for money for Forum spending.

Sustainability

3.68 This section discusses the likely implications of withdrawing funding within the framework of Forum activities. It also takes into account what others are doing in this field and whether they are in a position to take over responsibilities from the Forum.

Raising awareness

3.69 The Forum has successfully promoted corporate governance globally and has, together with the OECD, stimulated a strong international movement for the improvement of corporate governance. This has been documented in the series of Roundtables and other meetings that have taken place, most recently at the High Level Working Meeting in Paris in early November 2003.

3.70 If Forum support was withdrawn, it is likely that some of the regional groupings would continue to work towards corporate governance improvements, particularly those supported through the OECD Roundtable programme. However, the chance of ‘mainstreaming’ corporate governance initiatives into World Bank Group policies will be reduced if Forum support to these Roundtables is withdrawn now. Moreover, it is likely that those regional groupings which are still in their infancy would lose their momentum.

3.71 None of the other organisations operating in the field of corporate governance is an obvious choice for taking on the awareness-raising mandate. CIPE is a good partner for the Forum but, given its American origins, it would be inappropriate as the lead organisation for a global initiative; similarly, the CACG plays an important partnership role but could not easily act

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24 Information provided by Mike Lubrano. The precise figure is 4971.5 hours.
globally. FIRST focuses on technical assistance and would not be geared up to play the wider awareness raising role.

3.72 Creating consensus

The production of the Regional White Papers has been an important sustainable achievement of Forum/OECD activities so far. However, not all regions got as far as producing White Papers. Moreover, where regional White Papers exist, they have not been generally translated into country-level policies, arguably the most important plank for corporate governance improvements. If Forum activities were to cease, particularly in those regions that are not covered by the OECD Roundtable programme, it is likely that the momentum that has been built to translate awareness into improved standards and policies would fade.

3.73 In order to generate more incentives for creating consensus and implementation at the country level, the next phase of Forum activities should also consider how ‘mainstreaming’ of requests for corporate governance improvements could be achieved through integration into country assistance programmes (see also section on next steps). Also, the role of the regional Roundtables in moving from awareness raising to consensus building and implementation will need to be considered in this connection.

3.74 Building capacity

The Forum has helped to develop a network of Institutes of Directors (or similar organisations) and of professionals keen to set up such institutes/organisations where they do not yet exist. The first of the toolkit series has been developed to help in the creation of sustainable organisations. The Forum is set to roll out the toolkit and training programmes to several countries and regions that have demanded it. If Forum activities were to cease, it is unlikely that capacity building achievements would continue on their own accord although the toolkit is very likely going to be used in director training activities.

3.75 Interest has been expressed from Institutes of Directors from several developing and emerging economies to be involved in next phases of the capacity building task. However, it is unlikely that this interest will lead to activities without an organisation such as the Forum coordinating and part-funding these tasks.

3.76 Undertaking research

The Forum has facilitated the formation of a network of corporate governance experts and has also encouraged the production of research papers with practical and policy-oriented content. It is likely that the research network will continue to exist and that the participating academics would find alternative ways of covering travelling and meeting expenses.
3.77 It is less clear-cut whether the practical orientation of corporate governance research would continue without Forum (or similar) encouragement and support.

**Forum SWOT**

3.78 Before moving on to the next section on “Future Options”, the table below summarises the strengths, weaknesses, opportunities and threats as identified on the basis of work programme.

<table>
<thead>
<tr>
<th>Table 3.6 : Forum SWOT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
</tr>
<tr>
<td>• Joint initiative between WBG and OECD, bringing together different constituencies and approaches</td>
</tr>
<tr>
<td>• Inclusive, stakeholder-driven approach</td>
</tr>
<tr>
<td>• Sensitive to differences in culture and approach across different countries and regions</td>
</tr>
<tr>
<td>• Use of Roundtables (and ‘Coffeeetables’) in setting the regional agenda</td>
</tr>
<tr>
<td>• Private sector closely involved (through PSAG and IRTF)</td>
</tr>
<tr>
<td>• Calibre of people in WBG, OECD, PSAG and IRTF has increased credibility</td>
</tr>
<tr>
<td>• Partnership philosophy leverages in contributions from others</td>
</tr>
<tr>
<td>• Not worried about taking sole credit for activities – let others get their fair share of the ‘glory’</td>
</tr>
<tr>
<td>• Led and managed by excellent individuals</td>
</tr>
<tr>
<td>• Commitment of team members</td>
</tr>
<tr>
<td>• Flexibility to emerging options</td>
</tr>
<tr>
<td>• Leverage achieved</td>
</tr>
<tr>
<td>• A lot of activities</td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
</tr>
<tr>
<td>• Strategy clear to those working in the Forum but not clearly articulated in a ‘business plan’</td>
</tr>
<tr>
<td>• Not enough communication of activities and achievements – no newsletter</td>
</tr>
<tr>
<td>• Not fully transparent process to define priorities</td>
</tr>
<tr>
<td>• Lack of explicit targets</td>
</tr>
<tr>
<td>• Time taken up to get to grips with complicated World Bank and Trust Fund systems</td>
</tr>
<tr>
<td>• Senior staff stretched pretty much to the limit</td>
</tr>
<tr>
<td>• Highly dependent on voluntary, pro-bono and in-kind inputs from PSAG, the task forces, IFC and others</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
</tr>
<tr>
<td>• Focus on implementation</td>
</tr>
<tr>
<td>• Focus on enforcement</td>
</tr>
<tr>
<td>• Mainstreaming into WBG activities</td>
</tr>
<tr>
<td>o Eg country assistance strategies to include enhanced corporate governance</td>
</tr>
<tr>
<td>o IFC to use trained director network for appointments to company boards</td>
</tr>
<tr>
<td>• Leveraging and partnering with others</td>
</tr>
<tr>
<td>o Existing partners</td>
</tr>
<tr>
<td>o New partners</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>• Appropriate mix of skills and experience for the next phase</td>
</tr>
<tr>
<td>• Are initiatives sufficiently embedded to survive independently</td>
</tr>
<tr>
<td>• Status and relationships between senior players could be hard to replace</td>
</tr>
<tr>
<td>• Continuation of adequate funding</td>
</tr>
<tr>
<td>• Duplication of efforts … unlikely because size of task is enormous</td>
</tr>
<tr>
<td>• Next phase will increase demand on funds; frustration/disillusion could set in if the Forum cannot respond effectively.</td>
</tr>
</tbody>
</table>
4 Future options

Introduction

4.1 This chapter explores future options for the Forum structured under three headings:

- Objectives/activities
- Management/Steering Group/partnerships
- Budget

4.2 At this stage, we have chosen to pose several questions rather than make firm recommendations. The framework might form the basis for discussion at the “Next Steps” meeting planned for January 2004. It could also be used to canvas opinions from some of the core proponents in the global corporate governance community.

Objectives/activities

Awareness raising

4.3 Through the programme of Roundtables, significant progress has been achieved regarding the overall objective of global awareness raising. Arguably, the Forum could now decide to stop supporting both the OECD and the other regional groupings. However, as discussed under the heading of ‘sustainability’ in the previous chapter, the Roundtable achievements continue to be delicate in some instances and in its infancy in others (in particular the African, Middle Eastern and Caribbean groupings which have only just started and where the OECD is not in the lead).

4.4 Strategic decisions will need to be taken on:

- Should the Forum continue to support all of the OECD Roundtables or should some Roundtables be left largely to the OECD to support\(^\text{22}\)
- What support should be provided to the “Coffee Tables” in Africa, the Caribbean and Middle East/North America

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\(^{22}\) The Russian Roundtable which issued its White Paper in 2002 has been the first to begin a new phase of activities. At its October 2003 Roundtable meeting, which focused on implementation and enforcement of disclosure rules, participants agreed to follow up the discussions by forming two task forces to bring together diverse Russian interests and to help develop policy briefs on 1) a framework for transition to international financial reporting standards; and 2) coming to grips with abusive related party transactions and disclosure of beneficial ownership.
• Should a case be made for special support for Roundtables in South Asia (Bangladesh, India, Pakistan, Sri Lanka) where there has been less support so far than in East Asia

• Should a case be made for special support for China, the biggest of all Asian economies

• Are there groupings which are currently not cohesive and/or are there countries not currently represented where support might be welcome

• Is there a case to be made to follow up some of the regional awareness raising with national awareness raising? For instance, within Latin America, Brazil has made significant progress concerning awareness raising while other countries in the group are less advanced

• Is there a case to be made for ‘decentralisation’ of awareness raising activities to the regional level; for instance, might the Latin American Institute play a role in this area and are there similar organisations or networks in the other regions that could play this role

• What SMART targets can be set in the field of awareness raising at the global, regional and national level.

Consensus building

4.5 Consensus building at the regional level has progressed with the publication of the regional White Papers. However, not all regions have White Papers yet and where they exist they express a regional rather than country progress on consensus building. Moreover, consensus building is only the first step in improving corporate governance, to be followed by implementation and enforcement.

4.6 The following strategic decisions will need to be taken:

• Should the Forum continue to have a mandate in the field of consensus building

• Should consensus building be pursued at the regional level or should it move to the national level

• What could be the progression from consensus building to implementation and enforcement

26 The Eurasian network covers economies with very different standards of living and growth trajectories and so does the South East European Network. The Baltic States are not currently represented in any network.
• If it continues at the regional level, how could it be undertaken in a focused and productive way; for those regions where there is no White Paper yet, production of such a document could be the focus; however, what should be the process on deciding on next steps in regions that have an existing White Paper (which arguably maps out an action agenda already)

• If it moves to the national level, what are appropriate criteria to choose countries – top-down on the basis of criteria such as ‘scale’ or ‘need’ or bottom-up on the basis of revealed interest on part of governments and corporate governance professionals

• How could pilot activities at the national level be used to best effect for demonstration and dissemination

• How could consensus be built into mainstream activities from international donor agencies such as country assistance programmes

• What SMART objectives should be set concerning the consensus building activities

**Capacity building**

4.7 Capacity building has increased in proportion to overall activities during the second half of the Forum’s activities with the director training programmes in Yale and Washington and the toolkit on director training. The Forum is in an excellent position to roll out capacity building programmes to other regions and countries. Strategic decisions will need to be taken on:

• The proportion between additional director training and toolkit development

• How to allocate resources to regions/countries for further director training and toolkit development

• Topics for further toolkit development

• How to build in sustainability for capacity building activities beyond the next stage of Forum activities

• International, regional and country partners for capacity building activities

• What SMART objectives to set concerning capacity building initiatives

**Research**

4.8 The Forum has initiated a wide range of implementation-oriented research and has stimulated the formation of a research network. The research has underpinned both the gap analysis at the beginning as well as considerations on implementation and enforcement later on. Strategic decisions will need to be taken on:
• Should research continue to be one of the mandates of Forum activities

• If yes – is there a case for redefining the ‘mix’ of Forum activities in this area; for instance, the Forum could move out of commissioning research and continue with supporting the network or raising the profile of research

• If raising the profile is the key objective, one idea might be to endow a yearly price for leading corporate governance research (“the Monterrey Prize for Policy-oriented Corporate Governance Research”; contributions for this fund could be sought from others including private sector contributors such as banks, other financial bodies or other aid agencies).

**Best practice dissemination**

4.9 The Forum has used many channels to disseminate best practice information including the Roundtables and associated meetings, the capacity building programme, research/research networks and toolkits. Strategic decisions will need to be taken on which of these various dissemination tools is going to be most effective during the next phase.

4.10 Moreover, as the focus of Forum activities is likely to shift towards more implementation and enforcement-related activities, it will also need to be explored and decided how best practice dissemination could be shaped to further this objective.

4.11 Strategic questions include:

• Balance between global, regional and country focus for best practice dissemination

• Further use of the website and existing and new toolkits

• Role of newsletters for best practice dissemination

• Partnership with international, regional and country partners in best practice dissemination

• Relationship between ‘mainstreaming’ and best practice dissemination.

**New mandate(s)**

4.12 The process of consultations has confirmed that there is a need for activities in the field of implementation and enforcement. While there is probably unanimous agreement that this is the case, it is less clear how the Forum could help to address these overall objectives. Strategic decisions will need to be taken on:

• Whether implementation and enforcement issues are to be given high priority
• If yes, how best to address implementation and enforcement at the global, regional and country level

• Whether implementation and enforcement issues can be addressed indirectly through the other Forum mandates or whether they need specific addressing

• How implementation and enforcement can be prioritised between different regions and countries

• How best to facilitate implementation and enforcement through integration into existing donor activities (mainstreaming)

• How to link more closely with existing initiatives such as the World Bank Group’s ROSC programme

• How to work with other organisations with a similar mandate (for example FIRST)

Management/Steering Group/partnerships

4.13 The management arrangements for the Forum have been described in the previous chapter. Choices need to be made on the following issues:

• Should the group of donors be extended or should the Forum continue as a relatively small initiative; if yes, who might be the obvious countries and/or organisations to approach; should support be sought more in the developed or in the developing world

• Should the Forum Secretariat continue to be located in the World Bank; are there other parts of the World Bank Group which might be more appropriate as host organisation, particularly if the focus of Forum activities shifts from awareness raising and consensus building to more capacity building activities; the World Bank Institute could be a possible host for this type of activity

• Where is the best location for the Forum; given the composition of the Donor Group, a location in Europe could be more sensible than a location in Washington, particularly if support for Africa, the MENA Region and South Asia will be of high priority; also, a location in Europe would facilitate an even closer working relationship with the OECD team

• The role of the PSAG and the various task forces for the next phase of activities

• What might be the best composition of staff for the Forum; as identified earlier, senior management time is very constrained and in order for the Forum to be effective in Phase 2, this constraint might need to be addressed

• What should be the partnership arrangements with the OECD, the IFC and others
4.14 In view of priorities and the mix of activities, a new budget will need to be set. Given a possible shift to more capacity building at the regional and the national level, the budget will most likely have to be bigger than it has been so far. However, without knowing the new mix of activities, it is difficult to be more specific.
Annex H

Financial Summary
Annex H

Yale
Annex G

Summary Analysis of E-mail Survey
PSAG Members
1 PSAG survey summary

The benefits, strengths and weaknesses of GCGF

1.1 Our survey asked PSAG members to identify the three most significant benefits of the Global Corporate Governance Forum (GCGF). Most respondents commented on the important role the Forum has played in raising awareness of corporate governance issues in developing countries. The importance of the Forum as a networking and support mechanism for those working to improve corporate governance was also widely recognised. Linked to this, PSAG members commented on how valuable the Forum had been in facilitating the exchange of experiences and good practice. Initiatives in Brazil and Russia were highlighted as examples of how GCGF activities have resulted in concrete improvements to governance.

1.2 PSAG members were also asked to identify weaknesses of the Forum. A lack of resources a) to develop systems to improve governance in more countries (e.g. China) and b) to follow up specific issues or push through changes was recognised. One PSAG member also felt that there could be further development of ‘off the shelf’ products and tools which could be publicised through GCGF for use with regard to specific issues or in individual countries.

Priorities for improving corporate governance over the next three years

1.3 When asked to identify the priorities for improving corporate governance over the next three years PSAG members responded with a range of thoughts and ideas. In particular, the value of greater engagement of institutional investors was stressed, as was the importance of developing effective instruments to enforce good corporate governance; a view which was echoed in our survey of roundtable participants.

1.4 Highlighting the mutual benefit of improved corporate governance for both companies and investors was also identified as a priority. Seminars and training were suggested as possible mechanisms through which this mutual benefit could be reinforced. It was suggested that these national level events should engage company representatives, institutional investors and independent experts.

1.5 The need for local/national level activity was recognised in the survey responses. One member claimed that improved liaison with local groups to push forward initiatives at operational level was a priority for the next three years. Another respondent suggested that specific follow up initiatives should be focused in PSAG “priority countries”. The problem of poor corporate governance within the local banks of some participating countries was
highlighted by one respondent who suggested that training further for both bankers and company directors is required.

**The future role of GCGF**

1.6 PSAG members were divided on the issue of whether the role of GCGF should change its approach or focus. Possible changes of approach that were suggested included the development of “regional institutions which can reflect the cultural, political, economic and legal background of the companies and institutional investors” and the more direct involvement of institutional investors.
Annex F

Summary analysis of e-mail survey
1 Survey findings – Roundtable Participants

1.1 In order to understand more fully the efficacy and impact of the Roundtables, a survey of participants in the Russian and Latin American Roundtables programmes\(^1\) was undertaken with the assistance of OECD staff. Survey questionnaires were sent to 60 Roundtable participants\(^2\) and a total of 30 responses were received, comprising of 16 from Russia and 14 from Latin America. Whilst the range and number of replies is by no means comprehensive, this data still provides a useful ‘snapshot’ of views when considered in the context of the wider programme of consultations. A response rate of 50% also indicates a high level of engagement from participants.

1.2 Respondents were asked to rate the effectiveness and impact of the roundtable in which they had participated. Figure 1 illustrates the mean ratings for different impacts of the roundtable on a scale of 1-5. These findings suggest that the roundtables are generally perceived as being very effective, particularly in relation to “exchanging experience and dissemination of effective practice” and “raising awareness of corporate governance issues” (mean score at national level for both was 4.4). The roundtables also seem to have effectively identified clear priorities both at regional (4.6) and national level (4.3).

1.3 Across all of the impacts examined, the roundtables were generally rated as being marginally more effective at regional level than at national level. This reflects our findings from consultations which highlighted that these events and networks are making a real difference to the development of corporate governance at regional level but that there are inevitably challenges in applying the outputs from the regional roundtable to individual countries.

1.4 Respondents rated the content and organisation of the roundtable events highly (see table 1.1). These findings further reinforce the value of networking opportunities at roundtable events that was mentioned in a number of our consultations.

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\(^1\) Russia and Latin America were chosen because Roundtable participants in other regions had already been canvassed for views in relation to outcomes from the programme. Table 1 provides summary output from these other surveys, which were undertaken by the regional managers in OECD.

\(^2\) Survey questionnaires were sent to 60 Roundtable participants (31 from Russia and 29 from Latin America)
<table>
<thead>
<tr>
<th>Roundtable</th>
<th>Mean rating ((1=Very Poor, 5=very good)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of responses</td>
</tr>
<tr>
<td>Latin America</td>
<td>14</td>
</tr>
<tr>
<td>Russia</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
</tr>
</tbody>
</table>

**National level achievements or outcomes**

1.5 Nearly all respondents could identify national level achievements or outcomes that had been influenced by the regional roundtable process. In Latin America, the roundtable appears to have played a key role in raising awareness of the importance of good corporate governance amongst companies and governments. More specifically, it has assisted in the development of new laws, guidelines and procedures (e.g. the development of a new corporate law and securities law in Brazil and the development of Code/Principles of Best Practice in Mexico, Colombia and Peru). Respondents also commented on the fact that the Roundtable are linked to high profile organisations (World Bank, OECD) and have successfully engaged influential individuals has given the roundtable activities much needed credibility. As one respondent commented, this sets the roundtable events apart “from previous perceptions” that such events would be “mere wish lists from investors”.

1.6 There is also considerable evidence that the Roundtable activities and the OECD Principles have resulted and influenced national level outcomes in Russia. It seems that the roundtables have helped to increase awareness of corporate governance issues in government, the business community and amongst the general public. Many of the Russian respondents commented on the impact that the roundtable has had one the development of a Russian Corporate Governance Code, which in turn has led to the adoption of similar codes in the private sector. In the words of one roundtable participant it has also provided a “permanently functioning forum for constructive dialogue on the issues of corporate governance”.

**The future of the roundtables**

**Priorities**

1.7 Table 1.2 illustrates the priorities for improving corporate governance in the respondent’s region over the next three years. All priorities identified in the question were seen as important however support for implementation and enforcement appears a particular priority in both Latin America and Russia. This is also supported by anecdotal evidence gathered.
through the programme of consultations. A number of consultees commented on the need for country-specific initiatives tailored to local conditions, including measures to address the issue of enforcement.

<table>
<thead>
<tr>
<th>Table 1.2 - Roundtable participants views of the priorities for improving corporate governance in their region over the next 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Roundtable</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Latin America</td>
</tr>
<tr>
<td>Russia</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

**Focus**

1.8 The survey indicates that the roundtables have been extremely successful, as one respondent commented:

“The roundtable is an excellent approach which integrates the different political situations, legal and regulatory contexts and judicial systems that we have in our countries”.

1.9 However, a wide range of suggestions were made as to the future focus of the regional roundtables. Implementation came across as a key theme as the success of the Forum, and specifically the roundtables, has led to a feeling of “what comes next?” The need to ensure that the Regional White Papers and in some cases National Corporate Governance Codes become rules rather than “wish lists” was stressed by some roundtable participants. Linked to this, efficient enforcement was also identified as a high priority, which could include encouraging judicial reform. Alongside the ‘stick’ of enforcement, the ‘carrot’, i.e. the benefits of improved governance, also need to be publicised. As one Russian participant commented, the aim should be to create “an environment which would make following local Corporate Governance Codes both beneficial and unavoidable”.

1.10 In promoting these benefits, a number of participants suggested that there was a need to widen participation in roundtable events and engage institutional investors. Increased involvement of such investors would have dual benefits; it would provide further evidence of the benefits of improved corporate governance to ‘local’ business communities, governments and other stakeholders whilst illustrating the progress made by participating countries (and thus the increased opportunities for investment) to potential investors.
Variations in national economies also point to a need for wider participation in order to improve corporate governance. For example, pension fund administrators in Mexico are essential stakeholders who have a major impact on the national economy and therefore need to be engaged in governance processes. In other countries the importance of public utility companies is such that there involvement is vital, and would also illustrate that they are prepared to “lead by example”. The extent to which these stakeholders should be involved at national level or in regional roundtables needs to be clarified.

Other comments about the future role of the regional roundtables included that these events should now focus upon the barriers preventing the further development of corporate governance, markets and investors rights as well as awareness-raising regarding the main concepts.

Determining a clear role for the Latin American Institute for Corporate Governance also appears a high priority in the region. The Institute was widely praised by Latin American participants. However, a number of participants felt that this regional body would work even more effectively if national institutes could be established that fully engaged all stakeholders (and thus can exert genuine influence).

One roundtable participant commented that it will be increasingly important to manage the flow of information to and between participants. Not every issue needs to be discussed with every participant therefore mailing lists and discussion groups need to be clearly aligned to the objectives of each roundtable and the needs of individuals.

**Specific initiatives and priorities**

The survey asked respondents to describe any specific initiatives or priorities they would like to see the roundtable support. The priorities of roundtable participants fall into three main categories; locally/nationally-focused initiatives, initiatives to deal with specific governance themes or issues and strategic (regional) priorities.

**National Level initiatives**

The roundtables seem to be viewed by a significant proportion of participants as a catalyst for initiatives at national level rather than a delivery mechanism. As such, one participant suggested that the roundtable could help to encourage the completion of a corporate governance “diagnosis” for each country in Latin America in order to understand exactly far good corporate governance has been developed, thus better understanding the challenges ahead and synergies with other participating countries. It has also been suggested that following the success of the Forum in terms of awareness raising at a regional level efforts need to focus upon implementation and the application of the Regional White Paper.
recommendations and national level. One suggestion was to hold national seminars in each Latin American country in an attempt to encourage stakeholders to become involved.

**Thematic initiatives**

1.17 A number of initiatives relating to specific corporate governance issues were also recommended by participants. These include activities relating to improve/increase

- information disclosure on capital structure and on remuneration for board members and senior management
- protection for minority shareholders
- corporate governance in countries where corporations are dominated by family groups and/or groups which do not quote on the stock market
- national level enforcement and strengthened legal regulations

**Regional initiatives**

1.18 The strategic priorities identified by respondents included the suggestion of holding discussions regarding Regional White Paper recommendations on an annual basis and to establish a “Think Tank” of experts to review all regulatory reforms in Latin America. It was also proposed that “investor testimonies” be used to convince governments and corporations that good corporate governance practices are fundamental to investment decisions and therefore can have significant financial benefits.
Annex E

Round Table
1 Corporate Governance Roundtables

Introduction

1.1 A major part of the Forum’s activities is linked to the joint World Bank/OECD Regional Corporate Governance Roundtables, which have been held in Asia, Eurasia, Latin America, Russia and South Eastern Europe. The Roundtables bring together leaders from public and private sectors in a policy dialogue framed by the OECD Principles of Corporate Governance, and guided by the Memorandum of Understanding between the OECD and World Bank regarding the Forum.

1.2 The main support provided by the Forum comprises funding for approximately 25% of the costs of managing the Roundtable programme. This accounts for approximately 15% of Forum’s budget. The Forum has sponsored 25 Roundtable meetings\(^1\) since 1999, involving approximately 2,000 participants (including core groups of 50-100 participants per region who attend on an ongoing basis) from 38 non-member countries. In addition, representatives from OECD member countries have also attended most of the Roundtables.

1.3 The focus for this part of the evaluation is on whether sponsorship of the Roundtables programme run by OECD has been an effective way for the Forum to meet the overall objectives as established in its charter, which also includes the Memorandum of Understanding between the World Bank and OECD. The following paragraphs first provide more detailed information about the Roundtables programme, then consider the performance of the Roundtables against the five issues referenced in the TOR.

OECD Roundtables programme

1.4 Following publication of the Principles of Corporate Governance in 1999, the OECD embarked on the Roundtables programme, under the auspices of the World Bank/OECD Memorandum of Understanding that forms an integral part of the Global Forum’s founding Charter. The MOU calls for the establishment of the Roundtables in order to raise awareness, build consensus, and promote the use of the OECD Principles in developing and emerging market economies.

\(^1\) in addition, the Forum has sponsored further meetings in other regions (Africa, the Caribbean and the Middle East) in which the OECD is not involved in administering the programme.
1.5 The Roundtables meet regularly as part of an on-going programme in each region. The work programme looks two years ahead. Six OECD professionals (comprising five regional managers and the Division head) are involved full or part time in managing the Roundtables, amounting to approximately 4.5 fte professional staff, plus administrative support. The regional managers actively manage the Roundtable meetings (ranging from setting the agenda, in consultation with Forum and local participants, identifying host organisations, ensuring the right mix of organisations and people attend, arranging speakers, constituency building, etc), and play a responsive role between events, by helping Roundtable participants with queries, etc.

1.6 The Roundtables were conceived as having three main phases:

- Raising awareness of the OECD Principles of Corporate Governance, and building consensus on the key issues for the region
- Developing a White Paper on Corporate Governance in each region, which translates the generic principles established by OECD into region-specific priorities and an action plan
- Implementing the priorities for addressing region and country specific issues concerning corporate governance, and developing enforcement mechanisms.

1.7 Although the OECD Roundtables programme was established without Forum funding, the Forum’s support has provided a range of benefits for the Roundtables, including:

- Increased funding – on average, the Forum provides between 20 and 25% of the costs of running Roundtable meetings, which accounts for about 15% of the Forum’s budget. This pays for three staff positions in the OECD Roundtables support team, as well as part of the costs of holding the Roundtables and bringing contributors and key organisations to the meetings
- In addition, the Forum’s funding has fewer restrictions than that of bilateral donors, hence it is easier to use to address priorities identified by the OECD and the Roundtables
- Extending the scope to include the least developed countries in the Roundtables, and thereby extending the exchange of information and best practice
- Increasing stability and consistency of funding – for example, Forum funding was invaluable it filling a gap in donor funding in the transition between phases 2 and 3 of Roundtable activities in Russia
- Increasing coordination between donor support for corporate governance, and thereby supporting consistent application of the OECD principles
Ensuring greater synergies with related but separate corporate governance initiatives in Africa, the Caribbean and the Middle East.

1.8 The availability of Forum funding - which itself comprises funding from a variety of countries – also reduces the time which would otherwise be spent by OECD raising funding for the Roundtables programme from individual donor countries.

1.9 In return, the Forum has benefited greatly from being able to use the Roundtables programme as a vehicle to raise awareness, and develop policies and initiatives suited to regional and country circumstances.

Relevance

1.10 The Roundtables have been crucial to achievement of the Forum’s objectives, insofar as they have provided established mechanisms, in most regions of the world, to raise awareness of, and to promulgate, corporate governance principles and to develop region specific policies and initiatives.

1.11 The production of regional White Papers represents a major step in interpreting and developing the OECD principles for application in each region. The White Papers have helped to operationalise the principles and – of key importance – they counter the strong argument in some parts of the world – particularly Asia - that the principles are based on a particular world view which is not applicable to all cultures. The widespread participation in the Roundtables suggest that they are seen as relevant and useful to a wide range of organisations and in all countries and regions.

1.12 The Roundtables have tended to attract the strongest interest initially from the more advanced of the developing countries in each region. However, OECD has successfully strengthened participation from lesser developed countries (e.g. Bangladesh and Pakistan have increased their participation and Vietnam has joined in Asia; Bolivia, Colombia and Peru have increased participation in Latin America, etc.).

Efficacy and impact

1.13 Since 1999 there have been 23 Roundtables organised in five regions, involving some 2,000 participants from 38 non-OECD member countries. The organisation of the Roundtables seeks to ensure wide involvement through various means, including:

- Each Roundtable typically includes some 50-100 “core” international participants who attend Roundtable meetings on an ongoing basis, while the host country is also
encouraged to invite a much wider spectrum of additional participants from within the
country to attend the Roundtable

- by encouraging publication and dissemination of papers (all of which are made available
  on the OECD corporate affairs Web site)

- by facilitating establishment of other networks (e.g. the Latin America Institutes of
  Corporate Governance was established following a meeting organised back-to-back with
  one of the Roundtable meetings)

- by supporting initiatives which follow from priorities identified in the Roundtable
discussions.

1.14 Key outcomes, as reported by participants in the various roundtables, are listed in Table 1. They
have indicated that these outcomes were influenced by involvement in the Roundtables, although
such outcomes are clearly subject to a range of influences and cannot be attributed to one cause
alone.

**Survey of Roundtable participants**

1.15 In order to understand more fully the efficacy and impact of the Roundtables, a survey of
participants in the Russian and Latin American Roundtables programmes was undertaken with
the assistance of OECD staff. Survey questionnaires were sent to 60 Roundtable participants and
a total of 30 responses were received, comprising of 16 from Russia and 14 from Latin
America. Whilst the range and number of replies is by no means comprehensive, this data still
provides a useful ‘snapshot’ of views when considered in the context of the wider programme of
consultations. A response rate of 50% also indicates a high level of engagement from participants.

1.16 The results indicate that participants have found the Roundtables to be highly effective in
contributing to the improvement of corporate governance, both at regional and national level.
Figure 1 illustrates the mean ratings for different impacts of the Roundtables on a scale of 1-5 (5
= highly effective). These findings suggest that the Roundtables are particularly effective in
relation to “exchanging experience and dissemination of effective practice” and “raising
awareness of corporate governance issues” (mean score at national level for both was 4.4). The
Roundtables also seem to have effectively identified clear priorities both at regional (4.6) and
national level (4.3).

---

2 Russia and Latin America were chosen because Roundtable participants in other regions had already been canvassed for views
in relation to outcomes from the programme. Table 1 provides summary output from these other surveys, which were
undertaken by the regional managers in OECD.

3 Survey questionnaires were sent to 60 Roundtable participants (31 from Russia and 29 from Latin America)
Across all of the impacts examined the Roundtables were rated as being marginally more effective at regional level than at national level. This reflects our findings from consultations which highlighted that these events and networks are making most difference to development of the corporate governance agenda at regional level. And while achieving impacts at national level can be a greater challenge for a regional initiative, responses testify to the Roundtables’ important impact in individual countries as well.

Respondents also rated the content and organisation of the Roundtable events highly (see table 2). These findings further reinforce the value of networking opportunities at these events as was mentioned in a number of our consultations, and also illustrates that high quality outputs and outcomes have resulted from Roundtable events.

Figure 1: Effectiveness and impact of Regional Roundtables
<table>
<thead>
<tr>
<th>Mean rating ((1=Very Poor, 5=very good)</th>
<th>Qual. of event organisation</th>
<th>Qual. of workshops and speakers</th>
<th>Quality of outputs and outcomes resulting from Roundtable events</th>
<th>Usefulness of informal networking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>4.6</td>
<td>4.4</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Russia</td>
<td>4.8</td>
<td>4.4</td>
<td>4.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Total</td>
<td>4.7</td>
<td>4.4</td>
<td>4.4</td>
<td>4.5</td>
</tr>
</tbody>
</table>

1.19 In Latin America, the Roundtable appears to have played a key role in raising awareness of the importance of good corporate governance amongst the private sector, governments and wider society. More specifically, it has assisted in the development of new laws, guidelines and procedures (e.g. the development of Codes/Principles of Best Practice in Mexico, Colombia and Peru and the development of a new corporate and securities laws in Brazil).

“The roundtable has provided an excellent facilitation environment – informal and effective. It has brought people and ideas together. It is still very necessary as countries are all developing at different speeds and in different ways.”
(Latin American roundtable participant)

1.20 Respondents also commented that Roundtable activities have been given much needed credibility through the direct links to high profile organisations (World Bank, OECD) and the fact that the Roundtables have successfully engaged influential individuals within, and external to, each region. As one respondent commented, this sets the Roundtable events apart “from previous perceptions” that such events would be “mere wish lists from investors”.

1.21 There is also considerable evidence that the Roundtable activities and the OECD Principles have resulted and influenced national level outcomes in Russia. It seems that the Roundtables have helped to increase awareness of corporate governance issues in government, the business community and amongst the general public. Many of the Russian respondents commented on the impact that the Roundtable programme has had on the development of a Russian Corporate Governance Code, which in turn has led to the adoption of similar codes in the private sector. In the words of one Roundtable participant it has also provided a “permanently functioning Forum for constructive dialogue on the issues of corporate governance”.

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**Efficiency**

1.22 The prior existence of the Roundtables provided the Forum with a very efficient means of launching its activities in most regions of the world. It is very likely that the objectives of the Forum to raise awareness and develop the OECD principles through the White Papers have been achieved more quickly, and more cost effectively, than they would have been without the existence of the Roundtables, and the experienced team in OECD.

1.23 The OECD subsidises the Roundtables to the extent necessary to:

- Ensure that the key organisations (e.g. Securities Commissions from each country) attend; and

- Secure contributions (in the form of papers, facilitation, etc) from within the region and from other OECD countries

1.24 The decisions on who to subsidise is left to the Regional Managers, within the context of an agreed budget for the year. This appears to be the best place for these decisions to be made, provided they are monitored.

1.25 In addition, Forum activities have occasionally been arranged back-to-back with Roundtable meetings (e.g. meetings of the PSAG). This provides significant efficiency savings, since a major part of Forum support is in the form of travel and accommodation costs.

1.26 In undertaking the fieldwork for this evaluation, some concerns were expressed to us about the efficiency of the Roundtables as a means of taking forward the corporate governance agenda. For example, one consultee who participated in two of the five Asian Roundtable meetings and other Forum initiatives (and who, overall, was strongly positive about the Forum) expressed the view that little progress had been made from one Roundtable to the next, and that the policy of seeking consensus on all aspects of the White Paper meant a great deal of compromise was necessary, limiting the usefulness of the document. However, there is little wider evidence of a ‘watered down’ product – in fact, the endorsement of the Asian White Paper by 10 of the 12 Securities Commissions in the region, and a positive editorial endorsement from the Financial Times, suggests strong support for the output of the Roundtable. In addition, the consensual process of developing the White Papers should also be seen as one of its strengths (particularly in an Asian context), providing a key instrument for meeting Forum objectives of building consensus and increasing awareness, and giving the White Paper recommendations greater force and legitimacy to use as a lever for reforms.
There was also some concern expressed that OECD staff changes in the case of the Asian Roundtable had slowed progress, since the facilitators needed time to familiarise themselves with the role and had initially to learn from the participants. However, the Asian White Paper was completed on the original schedule, so the staff change obviously did not cause lasting delays. Taking the five regions as a whole, OECD staff continuity has been good, with three of the Roundtables maintaining the same facilitator/project manager since their outset. In the other case of OECD staff turnover, in Eurasia, the OECD project manager joined the Forum Secretariat, strengthening its knowledge base regarding OECD work and working methods. While concerns about staff turnover are understandable, some limited turnover is normal and can also bring new energy, ideas and dynamism to the task.

The costs of the Roundtables in relation to the outputs achieved are therefore subject to some concerns, but in general there is agreement that the White Papers are a major achievement, and that the Roundtables were an efficient means to produce them in a form which was acceptable to as many countries, and organisations, as possible within each region. With the OECD covering 75 percent of Roundtable expenditures for preparation of meetings and travel costs for key participants, with most other Roundtable participants covering their own participation costs, and with local host institutions often picking up local expenses (and there has been no shortage of volunteers to host meetings), the cost to the Forum has been small relative to the total cost of the Roundtables and, we would argue, relative to the benefits that are likely to result from the outputs.

**Sustainability**

There are two main considerations with respect to sustainability: are the benefits derived to date from the Roundtables programme sustainable, and is the programme itself sustainable into the future?

In relation to the sustainability of benefits, the codification of the main outputs of the Roundtables, in the form of the White Papers, should help ensure that the progress made, and agreements reached, through these meetings are sustainable. Many of the outcomes listed in Table 1 also demonstrate that participation at the Roundtables has raised awareness of corporate governance and supported the development of relevant initiatives within participating countries.

In relation to the sustainability of the Roundtables programme itself, it can be concluded that they have been successful in achieving the objectives of the first two phases (e.g. raising awareness and building consensus through production of the White Papers, and stimulation of initiatives to support implementation). In accordance with the work programme, participants in all Roundtables have agreed in each of their respective White Papers on the need for future regional
co-operation through the Roundtables to focus on implementation and enforcement both regionally and within countries. Continued dialogue on a regional level will be desirable to maintain the momentum of change, exchange experience, address region-wide issues and stimulate new initiatives. The existing Roundtables may be used for these purposes, while other Forum activities, such as director training, should continue to be pursued in different forums. For example, ASIA.net has been established as a regional association to share training materials, know-how and experience between organisations (in this case, Institutes of Directors).

1.32 OECD considers that the funding provided by the Forum has been invaluable in supporting the Roundtables, since it provides around a quarter of the costs of preparing the meetings and its flexibility means it can be used as leverage for other funds. A substantial part of these costs have been incurred by OECD staff in facilitating the production of the White Papers. In the future as efforts shift towards implementation, this staff time should be devoted to assist the Roundtables in identifying the policy rationale and viability of policy options in the area of implementation and enforcement, and developing policy briefs that will provide support for such efforts in greater technical detail.

Learning from experience and knowledge sharing

1.33 The focus for the Roundtables has changed over time, from awareness raising to consensus building, preparation of the regional White Paper and action plans, and now to implementation and enforcement. The essence of the work programme has been to build on and compare experience to help progress to the next stage of achieving improved corporate governance in practice.

1.34 Different Roundtables have developed in different directions. For example, the Eurasia Roundtable is likely to move to sub-regional/country specific meetings, having raised awareness and established dialogue at regional level. In Asia, meetings are likely to remain regional, but also with sub-groups exploring key issues, some of which may be country specific. This shows that the format is being adapted to suit different circumstances in different regions.

1.35 There has also been increasing success in involving peers from OECD countries in the Roundtables, which greatly improves the exchange of information and transfer of know how between practitioners in and outside the region. One would hope, and expect, that there is a mutual learning process with both OECD and developing countries benefiting from these exchanges.
Conclusion

1.36 Overall, the Forum’s support for the Roundtables programme appears to have been very successful. The programme offered a ready made opportunity to build on existing structures and help them to work more effectively to achieve Forum objectives. In this respect, the flexibility of Forum funding, as well as (and perhaps more than) its scale, has been crucial.

1.37 The main question for this evaluation is how effectively the Forum’s contribution to the Roundtables has supported achievement of its objectives. We would argue that the Roundtables have, to date, provided an effective vehicle for achievement of key objectives. As the main focus of activities shifts towards implementation, and other regional and sub regional structures emerge ‘from the bottom up’, there is likely to be more competition for funding from the Forum. Unless the Forum’s resources are increased, there will have to be some difficult decisions made about funding priorities. In this context, the allocation of around 15% of the Forum’s budget to the Roundtables programme should be kept under review to ensure it continues to provide commensurate benefits. However, based on the strong endorsement from participants, the Roundtables programme seems likely to continue to provide important reinforcement and synergies for local and regional initiatives by giving access to international experience, analysis and dialogue, and by maintaining external pressure for local and regional policy/regulatory development and reform efforts.

1.38 We accept the argument made to us by OECD staff that basing them centrally in Paris remains more sensible than in the regions each is responsible for, since there are important benefits from the exchange of views and mutual support that an integrated team provides.

### TABLE 1: ROUNDTABLE OUTCOMES

<table>
<thead>
<tr>
<th>South-East Europe</th>
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</thead>
<tbody>
<tr>
<td><strong>•</strong> Legal changes or on-going discussions and negotiations of the Company Law in FYROM, Romania, and Croatia, involving participants of the Roundtable and discussed during the Roundtable meetings.</td>
</tr>
<tr>
<td><strong>•</strong> Adoption of Corporate Governance Codes in Romania, Bulgaria, and to come in FYROM</td>
</tr>
<tr>
<td><strong>•</strong> Setting up of a specific corporate governance tier (“Plus Tier”) on the Bucharest Stock Exchange</td>
</tr>
<tr>
<td><strong>•</strong> Setting up of a specific corporate Governance Institute by the Bucharest Stock Exchange</td>
</tr>
<tr>
<td><strong>•</strong> Manual for Corporate Governance in Montenegro referring to the OECD Corporate Governance Principles</td>
</tr>
<tr>
<td><strong>•</strong> Training seminars based on the OECD Principles and the White Paper in Montenegro, Bosnia-Herzegovina and FYROM</td>
</tr>
<tr>
<td><strong>•</strong> Low-income countries (Albania, Federation of Bosnia and Herzegovina, FYROM) participating actively in the Roundtable</td>
</tr>
</tbody>
</table>
**Russia**

- *Heightening awareness of Russian authorities* – at a meeting with OECD Secretary General, President Putin noted the importance Russia attaches to improving corporate governance
- *Setting the benchmark* – The principles underlying the Russian Corporate Governance Code, a process led by the Securities Commission, are based on the OECD Principles on Corporate Governance
- *Helping build capacity* – The Investor Protection Association (IPS) was set up following a Roundtable discussion and recommendations. The Roundtable has sponsored the development of a Russia-owned corporate governance website, managed by IPA
- *Identifying technical assistance needs* – USAID, TACIS, CIDA, EBRD, IFC have closely followed Roundtable discussions and in some cases tailored their assistance projects to priorities identified thereof.

**Eurasia**

The OECD Principles of Corporate Governance have influenced corporate governance debate and policy-making. They were used as a reference in:

- Recent amendments to company law legislation in Armenia, Kyrgyzstan and Ukraine;
- Recent changes of rules and regulations of securities commissions, including listing requirements;
- Development of training materials for universities and top layers of company management;
- Development of National Corporate Governance Codes and Business Codes of Conduct;
- The establishment of professional organisations
- High level representation of national public and private sector institutions at the 2002 and 2003 Roundtables (see respective participants' lists).

Based on the 2002 survey and direct discussion with members in 2003, the Roundtable was instrumental in identifying needs for further technical assistance:

- Further legal changes:
- Support for the development of national stock exchanges;
- Support for the development of board culture (board training, institutes of directors);
- Ensure understanding and synergies between corporate governance and other market oriented reforms, such as enforcement (including alternative dispute resolution (ADR)), insolvency, governance of state-owned enterprises, corporate governance of banks, corporate governance and anti-corruption).
### Asia

All 12 participating Asian securities commissions have welcomed or endorsed the Asian White Paper, i.e., Bangladesh, China, Hong Kong China, Indonesia, Malaysia, Pakistan, Philippines, Chinese Taipei, Thailand and Vietnam.

Low-income countries Bangladesh and Pakistan have increased their participation in the Roundtable, and Vietnam has joined.

The Vietnamese State Securities Commission has requested OECD bilateral policy assistance.

### Latin America

The Sao Paulo Stock Exchange established the Novo Mercado in 2001, a stock exchange listing segment that aims to bind Brazilian companies to a set of heightened corporate governance practices. RT meetings and participation of the OECD/World Bank Private Sector Advisory Group provided input to this.

A Network of Latin American Institutes of Corporate Governance was established in 2002 to share resources and promote improved corporate governance in the region (they first met in association with the 3rd RT meeting in Mexico City and announced the initiative immediately following the RT). These Institutions will continue to participate in the Roundtable and work to advance the reform agenda agreed to in the White Paper.

Building on discussions at the first meeting, the IFC organized a meeting between Brazilian market participants and foreign investors on proposed legal reforms and investor expectations.

Additional immediate spin-off events and initiatives are expected to materialise in connection with the release of the Latin American White Paper in November.
<table>
<thead>
<tr>
<th>Roundtable</th>
<th>Time</th>
<th>Place</th>
<th>Host Organisation</th>
<th>Number of participant attendances</th>
<th>Regional representatives</th>
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<td>Shareholders rights and equitable treatment</td>
<td>20-21 September 2001</td>
<td>Bucharest, Romania</td>
<td>The National Securities Commission and the Bucharest Stock Exchange</td>
<td>104</td>
<td>75</td>
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<td>Transparency and disclosure</td>
<td>30-31 May 2002</td>
<td>Istanbul, Turkey</td>
<td>The OECD Centre for private sector development and the Turkish International Co-operation Agency</td>
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<td>The responsibilities of the board and the role of stakeholders</td>
<td>21-22 November 2002</td>
<td>Zagreb, Croatia</td>
<td>The Zagreb Stock Exchange</td>
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<td>74</td>
<td>16</td>
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<tr>
<td>Discussion and finalisation of White Paper on CG in SE Europe</td>
<td>6-7 March 2003</td>
<td>Sarajevo, Bosnia and Herzegovina</td>
<td>Securities Commission of the Federation of Bosnia and Herzegovina</td>
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<td>31</td>
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\(^4\) Excluding OECD/Forum secretariat
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<td>The Eurasian Roundtable on Corporate Governance</td>
<td>19-20 October 2000</td>
<td>Kyiv, Ukraine</td>
<td>The Cabinet Ministers of Ukraine</td>
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<tr>
<td>Transparency and disclosure</td>
<td>7-8 June 2001</td>
<td>Tbilisi, Georgia</td>
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<td>Shareholders rights, equitable treatment and the role of the state</td>
<td>17-18 April 2002</td>
<td>Kyiv, Ukraine</td>
<td>Securities and Stock Market Commission of Ukraine</td>
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<td></td>
<td>October 2003</td>
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<td><strong>Latin America</strong></td>
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<tr>
<td>1st Latin American Corporate Governance Roundtable</td>
<td>26-28 April 2000</td>
<td>Sao Paulo, Brazil</td>
<td>The Sao Paulo Stock Exchange</td>
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<tr>
<td>2nd meeting of the Latin American Corporate Governance Roundtable: Shareholders rights and equitable treatment</td>
<td>28-30 March 2001</td>
<td>Buenos Aires, Argentina</td>
<td>The Buenos Aires Stock Exchange &amp; The Argentinean Ministry of Economy</td>
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5 Excluding OECD/Forum secretariat
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<td>3rd meeting of the Latin American Corporate Governance Roundtable</td>
<td>8-10 April 2002</td>
<td>Mexico City, Mexico</td>
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<td>23</td>
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<td>4th meeting of the Latin American Corporate Governance Roundtable</td>
<td>28-30 May 2003</td>
<td>Santiago, Chile</td>
<td>SVS</td>
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<tr>
<td>Corporate governance in Asia: a comparative perspective</td>
<td>3 – 5 March 1999</td>
<td>Seoul, Korea</td>
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<td>46</td>
<td>41</td>
<td>15</td>
<td>102</td>
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<tr>
<td>2nd Asian corporate governance roundtable</td>
<td>31 May – 2 June 2000</td>
<td>Hong Kong</td>
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<td>74</td>
<td>28</td>
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<tr>
<td>3rd Asian roundtable on corporate governance</td>
<td>4 – 5 April, 2001</td>
<td>Singapore</td>
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<td>83</td>
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<td>Shareholder rights and the equitable treatment of shareholders</td>
<td>11 – 12 November 2002</td>
<td>Mumbai, India</td>
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<td>65</td>
<td>18</td>
<td>17</td>
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<tr>
<td>White paper &amp; workshop</td>
<td>26 – 28 March, 2003</td>
<td>Kuala Lumpur</td>
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6 Excluding OECD/Forum secretariat
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<td>Corporate Governance in Russia</td>
<td>31 May – 2 June 1999</td>
<td>Moscow, Russia</td>
<td>58</td>
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<tr>
<td>Shareholders rights and equitable treatment</td>
<td>24 – 25 February 2000</td>
<td>Moscow, Russia</td>
<td>90</td>
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<tr>
<td>The role of disclosure in strengthening corporate governance and accountability</td>
<td>15 – 16 November 2000</td>
<td>Moscow, Russia</td>
<td>115</td>
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<tr>
<td>The responsibilities of the board and the role of stakeholders in corporate governance</td>
<td>20 – 21 June 2001</td>
<td>Moscow, Russia</td>
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<td>Consultative meeting on the white paper on corporate governance in Russia</td>
<td>24 – 25 January 2002</td>
<td>Moscow, Russia</td>
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<td>The white paper on corporate governance in Russia</td>
<td>15 April 2002</td>
<td>Moscow, Russia</td>
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⁷ Excluding OECD/Forum secretariat
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<td>August 2003</td>
<td>Amman</td>
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<td>n/a</td>
<td>n/a</td>
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<td>August 2003</td>
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<td>n/a</td>
<td>n/a</td>
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<td></td>
<td>September 2003</td>
<td>Cairo</td>
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<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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<td>Pan African Consultative Forum on Corporate Governance</td>
<td>July 2001</td>
<td>Johannesburg, SA</td>
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<td>Pan African Consultative Forum on Corporate Governance</td>
<td>July 2003</td>
<td>Nairobi, Kenya</td>
<td></td>
<td></td>
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<td>200</td>
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</table>

Total attendances: 3287
Annex D

Philippines
1 Philippines Institute of Corporate Directors

Introduction

1.1 The Philippines Institute of Corporate Directors was established in July 1999 by Dr Jesus Estanislao, a former Secretary of Finance in the Philippines Government, and highly regarded in the financial and business communities. The formation of the Institute coincided with the creation of the Forum, stimulated by the Asian financial crisis and the evident need to improve corporate governance in the Philippines. The Forum has played a role in supporting the PICD more or less since the inception of both organisations, but it was not responsible for its formation. Equally, the PICD has been active in various aspects of the Forum’s activities in Asia. In addition, Dr Estanislao is an active member of the PSAG. Thus there is a mutually beneficial relationship between the two organisations.

1.2 The support provided to PICD by the Forum has included:

- Sponsorship of five people from the PICD to attend the Yale training program for IDEA.net (the association of East Asian Institutes of Directors) in July 2002 – including the President and Executive Director of the Institute, and three Fellows who provide a substantial part of the training in corporate governance offered by PICD. The cost of this sponsorship amounted to approximately US$70,000.

- Payment for travel expenses to attend IDEA.net meetings

- A grant of US$30,000 to produce reports on four specialised courses on different aspects of corporate governance as part of the PICD training materials for bank directors. As part of the IDEA.net agreement, this will also form part of the training package for other Asian Institutes of Directors.

1.3 The focus for this part of the evaluation is on the Forum’s support for the PICD to stimulate positive changes in corporate governance in the Philippines. This support has included both financial sponsorship and technical assistance, and will be reviewed in relation to the five issues referenced in the TOR. In order to undertake this assessment, it is first necessary to provide more contextual information about the PICD.

Philippines Institute of Corporate Directors

1.4 The strategy of the PICD – which is strongly endorsed by the Forum – is to promote corporate governance through a variety of means, including:

- increasing awareness of the importance of good corporate governance to the long term success of the business
using the banks and the stock exchange – which between them provide the vast majority of corporate finance in the Philippines - to pressure firms to improve corporate governance

enforcement of existing regulations, with significant sanctions applied to firms for non-compliance

developing a realisation in firms that it is in their best commercial interests to develop good corporate governance practices (which the other policies will help ensure).

1.5 The intention is to promote a systemic change in attitudes towards, and practices of, corporate governance, such that the effects are widespread and irreversible.

1.6 PICD, and in particular its President, have been influential in the promotion of corporate governance reforms in the Philippines. The major reforms implemented to date relate to the passing, and implementation, of two pieces of legislation: the revised General Banking Act and the Securities Regulation Act. These Acts enabled the Central Bank of the Philippines, and the Securities and Exchange Commission (SEC), respectively, to require banks, other financial institutions and listed companies to undertake, and submit to the relevant regulatory authority, self assessments in relation to corporate governance practices. The intention is that these self assessments will be audited, although the processes, and sources of funding, to achieve this are still to be determined.

1.7 This legislation provides the platform on which other corporate governance reforms can be delivered. For example, the Central Bank now requires the directors of all banks in the Philippines to undertake a two day training course on the fundamentals of corporate governance. It has licensed seven organisations, including PICD, to provide this training, which by the end of September had been undertaken by 3,598 directors, 62% of the total of 5,803 in the country. Although PICD has trained only a small proportion of the 3,598, it has been the main provider of training to the 42 major commercial banks (out of a total of 900), which account for 92% of the deposits in the banking system.

1.8 Therefore the major actions which PICD has undertaken, or supported, are focused to achieve maximum leverage: on the SEC to persuade listed companies and financial institutions to pay attention to corporate governance; on banks to persuade corporate customers to do the same; and through development of training materials with applicability throughout east Asia, as well as delivering actual training courses.

1.9 The PICD was also involved in the ROSC for the Philippines, in relation to corporate governance, and it has been instrumental in setting up IDEA.net, the east Asia association of institutes of directors. The Forum has also supported the activities of IDEA.net by providing funding for PICD staff to attend meetings.
**Funding**

1.10 Table 1 shows that the proportion of PICD income generated by fees for training and other activities has increased considerably since the organisation was established. The business plan suggests that the Institute will become self-sufficient within five years, after which it will use grants from aid agencies and other sources to supplement, rather than to pay for, core activities.

1.11 Neither PICD nor the Forum were able to provide precise figures for the Forum’s funding of PICD over the last two years. However, paragraph 1.2 indicates that it amounts to a little over US$100,000 (Approximately 5,574,000 Philippines pesos), which, as Table 1 shows, amounts to 20% of PICD income over this period. AUSaid has provided much more funding that the Forum to PICD, although it is currently reviewing its priorities and therefore there is a temporary hiatus in support.

**Table 1: breakdown of PICD income**

<table>
<thead>
<tr>
<th>Sources of income (Ps)</th>
<th>Year</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from grants</td>
<td></td>
<td>14,779,432 (89%)</td>
<td>8,844,810 (69%)</td>
</tr>
<tr>
<td>Income from programs etc</td>
<td></td>
<td>1,805,044 (11%)</td>
<td>3,988,810 (31%)</td>
</tr>
<tr>
<td>Total income</td>
<td></td>
<td>16,584,476 (100%)</td>
<td>12,833,620 (100%)</td>
</tr>
</tbody>
</table>

**Future Priorities**

1.12 The priorities for the PICD in the future are to:

- Develop a corporate governance scorecard for banks (already underway), in order to be able to measure their achievement and improvement in relation to a variety of corporate governance criteria. The intention is that the majority of the scorecard will be applicable throughout east Asia, with minor modifications for each country

- Develop a certification program for corporate directors which has global significance and recognition

- Continue to expand training activity, with banks, corporations and ‘reputational agents’ (ie organisations which influence public and corporate perceptions of the importance of corporate governance, such as the media, lawyers, accountants, etc)

1.13 It is clear from the first two of these priorities that PICD, and particularly Dr Estanislao, has a much wider perspective than just the Philippines, and is at the forefront of developing corporate governance tools and activities throughout east Asia – including, of course, the Philippines.
Relevance

1.14 The Forum’s support for the PICD is directly relevant to the implementation of corporate governance reforms in the target countries. Due mainly to the status and interests of the President of PICD, the support provided by the Forum has a much wider relevance than just to the Philippines. In particular, through IDEA.net and the Roundtables, PICD has been instrumental in supporting the development of region specific priorities for corporate governance, and tools and know how to support implementation of reforms and the delivery of training.

1.15 The focus on supporting training for bank directors, at country and regional scales, has also been highly relevant. In Asia most external corporate funding is provided by banks, therefore influencing their attitudes towards corporate governance is likely, sooner or later, to filter down to their customers, particularly if they see corporate governance improvements as a means to reduce business failures and defaults on loans.

Efficacy and impact

1.16 According to the senior managers of PICD, the most important benefits of the Forum’s support have been:

- Enabling officers of the PICD and other Institutes in east Asia to attend a one week training course in corporate governance at Yale, run by Ira Millstein and Professor Florencio Lopez de Silanes. This appears to have had a major impact on the individuals who attended, providing them with much greater understanding, knowledge and confidence in taking forward corporate governance reforms and actions in their home environments.

- The influence of the PSAG, of which Dr Estanislao is a member. The PSAG, and Ira Millstein in particular, is regarded as enormously helpful in a variety of ways, providing practical help and advice, giving credibility to PICD and other institutes of corporate directors, and transferring know how through participating in various events (by video or in person) in the region.

- Providing funding to attend IDEA.net meetings, which are very important in the development of common training materials and other tools to support corporate governance improvements in the region.

- Funding for course materials for four modules in the training program for bank directors in Asia.
1.17 Each of these types of support has substantial leverage. The Yale course developed know how and fired enthusiasm in a relatively small number of people who could attend, which in turn is considered by participants to have had a much wider influence on actions being taken in east Asia subsequently. The support of the PSAG has also had a big multiplier effect, through raising the profile of corporate governance, and the institutes of corporate directors, in the region. And the funding for training materials will enable a great many bank directors throughout Asia to deepen their understanding of corporate governance, following on from the two day ‘taster’.

**Efficiency**

1.18 The level of financial support provided by the Forum is really quite small relative to PICD’s total revenue, and to the impacts of its actions. In addition, the Forum has provided, or facilitated access to, technical assistance for PICD. The key question, however, is how important has the Forum’s support been?

1.19 Paragraphs 1.16 and 1.17 demonstrate the widespread influence of the support provided. In large part this is due to the personality and status of Dr Estanislao, who has been very influential in implementing improvements in corporate governance the Philippines and the rest of the region. It is impossible to quantify the benefits, but if the training provided by PICD helps avoid just one instance of significant fraud, deception or business failure, it will have paid for itself many times over. Certainly from the interviews we conducted in the Philippines it seems that PICD is having a significant impact on some companies (for example, the training provided by PICD was said to have had a significant impact on the improved performance of the Board and senior management of the National Bank of the Philippines, which in the late 1990s was in serious financial difficulties, but is now profitable.

**Sustainability**

1.20 The support provided to PICD and other institutes of directors in the region has essentially involved building their internal capacity to deliver corporate governance improvements through training, etc. This has led to development of both training material, with broad applicability, and a network of corporate governance leaders and experts within the region which local organisations can tap into.

1.21 The PICD expects to be able to generate most of its funding from charges for services within five years, and has already made significant steps in that direction. Assuming this expectation is realistic – and it certainly does not seem impossible – then the support is providing sustainable benefits.

1.22 Equally, the PICD’s approach to achieve systemic change is inherently sustainable, because it recognises that changes to just a few parts of the system are likely to have limited impact and
may be temporary. For example, unless attitudes within corporations change, and customers demand good governance, much of the corporate governance activity may amount to little more than lip service to a current ‘fashion’.

1.23 However, despite the sustainable nature of the actions taken as a result of the Forum’s support, our consultations revealed a concern that the Forum’s resources should be substantially greater than they are, because of the scale of the tasks involved in implementation of corporate governance compared with developing policies and identifying priorities.

1.24 In addition, other factors need to be addressed urgently if systemic reform is really to be achieved. For example, there are major issues regarding public sector governance in the Philippines, which the Forum is not attempting to address (although PICD was formed as one of two organisations under the ‘Foundation for Community Building in Asia Pacific’. The other is the ‘Institute for Solidarity in Asia’, which is focused on governance in the public sector).

Learning from experience and knowledge sharing

1.25 The focus of both PICD and IDEA.net is knowledge sharing, through training and other means. The Forum has played an important part in facilitating this knowledge sharing and extending it beyond the region – particularly by funding attendance at the Yale course, and also by supporting the development of training materials with a common core – therefore widely applicable at least within Asia, and potentially also elsewhere (with varying degrees of modification to take account of distinctive local cultures and circumstances).

1.26 A key test for the Forum is whether it learns from the experience of supporting PICD in providing support to other organisations elsewhere in the region and in other parts of the world. Fundamental to the success of PICD, and to the impact of the Forum’s support, is Dr Estanislao’s standing in the Philippines. The Forum needs to be expert in identifying the right people, and the right organisations, within each country, in order to make its support most useful. But it would be unrealistic to assume there are, in every country, individuals with the same combination of expertise, status and commitment. This means there should be an element of selectivity in support provided at country level. It is necessary first to put in place the right combination of circumstances before engaging countries fully in the corporate governance reform. The sequence of events is crucial. But the key conclusion for wider application is that, although reform of corporate governance is complicated, it is possible to make real progress when you have strong local leadership, a committed government, and if the right incentives for reform can be identified.

1.27 Experience in the Philippines also confirmed the importance of banks in corporate governance reform in Asia, where they are the main providers of finance. This was actually quite a
radical shift in thinking - prior to this the main focus was achieving leverage through equity markets, because they, rather than the banks, are the focus of the OECD Principles of corporate governance.

1.28 The Philippines experience also demonstrates that regional exchange of experience and learning is very important. For example, Roundtable participants for Indonesia have been to the Philippines in order to learn from their experience, and separately, Korean officials have visited Thailand to help them set up an investor activist group. Philippines, Thailand and Indonesia all participated in building the toolkit on how to set up a director training organization, which China is interested in using. Jess Estanislao accompanied Forum staff to China for discussion on the corporate governance reform agenda there, and was very helpful in mapping out the issues relating to independent directors. He also went to share the experience of setting up IDEA.net with the Latin American programme. This sort of intra- and inter-regional learning is very important and deserves strong support in future.

1.29 Finally, the Forum learned that costs could be reduced dramatically by bringing the Yale training programme in-house, whilst maintaining the Yale association and faculty (which was the approach adopted for Latin America). The overall price of the East Asia training programme was high - around $360,000 including two pre-meetings in Hong Kong, and $80,000 for the curriculum development, for 35 delegates.

**Conclusion**

1.30 Overall, the PICD and related activities – particularly IDEA.net – appear to be highly successful in taking forward the corporate governance agenda in east Asia, achieving real improvements on the ground, and developing institutions and structures which can ensure the long term sustainability of the improvements. The Forum’s funding appears to have had some important impacts: although it is relatively small in scale it appears to have been well targeted. From the consultations undertaken in the Philippines, we have no doubts that PICD was the right institution to support. And the type of support provided has added value to what PICD could have done on its own, and probably it has filled gaps left by other funding sources (though this may not have been fully tested – the Forum has not been used as a funder of last resort, but to support particular initiatives which appeared at the time to play to its strengths).

1.31 However, this case study illustrates well the scale of the task facing the Forum in future if it is to have a significant impact on the next stage of development – implementation of regional and national corporate governance initiatives within the common regional frameworks that have now been established. Two examples demonstrate the point.

1.32 First, within the Philippines, there is a need to audit the self assessment process introduced for banks and listed companies, and to roll the assessments out to private companies. Both the
SEC and the Central Bank claim to have no resources to achieve this, yet independent auditing – at least on a sample basis – is clearly crucial to avoid self deception rather than self assessment. A similar situation is likely to arise in many other developing countries. The reality is that achieving serious improvements to corporate governance is expensive and a long term undertaking, and unless and until customers demand it (including willingness to pay) change will be limited. As one consultee said, corporate governance has to be seen to improve profitability, otherwise companies, and their shareholders, will largely ignore it.

1.33 Second, a key objective for the PICD for the future is to develop a certification program for corporate directors which has global recognition. This is not something PICD can do on its own. It will need on-going support from the Forum and PSAG to achieve this ambitious but very laudable objective. Again, widespread acceptance of a global standard is not a trivial undertaking, it will require serious resources.
Annex C

Brazil
1 Case Study: Forum Support to Further Corporate Governance in Brazil

Introduction

1.1 This case study explores the support that has been provided by the Forum to further corporate governance in Brazil. It focuses in particular on the assistance given to the Instituto Brasileiro de Governança Corporativa (IBGC) but the scope of the case study is widened to include other areas of Forum activity including the Roundtable programme, associated events, the establishment of the Novo Mercado, the 2003 programme of director training in Washington and most recently the formation of the Latin American Institute of Corporate Governance (LAICG).

The Instituto Brasileiro de Governança Corporativa (IBGC)

1.2 The IBGC was founded in 1995 as the Brazilian Institute of Directors. Bengt Hallqvist, a Brazilian entrepreneur of Swedish origin, and a business friend (João Bosco Lodi) felt strongly that there were serious shortcomings in the boards of Brazilian companies.¹ “For a number of years, Bengt Hallqvist and João Bosco Lodi had been meeting for lunch every now and then at the Maksoud Plaza Hotel in São Paulo. It was around 1994 that they realized that their conversations turned time and time again to the deficiencies and problems of the company boards upon which they sat.”² They assembled around them a group of about a dozen like-minded individuals who proceeded to set up the Institute with the objective to help Brazilian board members to be competent and professional in their directorial duties. The Institute’s focus was to be “idealistic” and not “for profit”. In 1998, the Institute changed its name because of a wish not just to work narrowly with board members but to address good management and good corporate governance more widely.

1.3 The Institute’s membership at the beginning was 12 and now stands at over 400. Members include both businesses as well as individuals. Its first chairman, Bengt Hallqvist, was founder and chairman for five years; the first Chief Executive was Sandra Guerra (who later became “the victim of its commitment to practising what it preaches” and “found that she could not be elected to the Board because she had just finished a term as CEO.”³)

¹ The history of the Institute is written up in a Bengt Hallqvist: “Private Institute for Corporate Governance. The Brazilian Experience”.
² Ibid, page 10
³ Ibid, page 11. “Instead, she is now the only Latin-American member of the Board of the International Corporate Governance Network. “
1.4 The present chairman is Paulo Diederichsen Villares who is also the prospective chairman of the LAICG (and intends to step down from this position as IBCG chairman once the chairmanship for the Latin American Institute is formalised). Paulo Villares’ family association with one of Brazil’s largest businesses lent prestige to the Institute and helped to address its strategic objective to increase membership amongst the larger businesses in Brazil. The present Chief Executive (Heloisa Bedicks) joined the Institute in 1999, first as lecturer and then as lead trainer. She was appointed CEO in 2001.

1.5 The Institute has aimed from its very beginning to be self-sustaining. It charges companies membership fees and raises additional income through training charges and an annual conference. Training is a very important component of the IBGC’s activities. Since its formation, some 1,000 students have gone through the various courses which include provision for particular types of companies (for instance family-owned businesses) or courses looking at particular topics (eg board composition).

1.6 The IBGC also publishes and sells the Brazilian “Code of Best Practice” on Corporate Governance which is now in its third edition. The Code was developed and agreed by the IBCG after an extended period of discussion, taking on board work done by others in this field, in particular the comparison of international best practice codes which was produced in 1998 by Holly Gregory and Elizabeth Forminard under the guidance of Ira Millstein. The IBGC established the common denominator on each topic and made adjustments to fit the local situation. The Brazilian Code was formally launched at the São Paulo Stock Exchange (Bovespa) in May 1999.

1.7 In order to promote the principles and practice of good corporate governance as well as celebrate its 5th Anniversary, the IBGC organised its first annual conference on corporate governance in 2000. The success of the first conference as a tool for networking and dissemination of best practice led the Institute to establish it as a yearly event. Participation figures have risen from 120 in 2000, 150 in 2001, 280 in 2002 to 350 at the last conference in November 2003.

1.8 The Forum started supporting these annual conferences in 2001, mainly by paying for the costs involved in getting international speakers (in particular flight and subsistence costs); speakers at the second conference in 2001 included Robert A G Monks and Stephen Davis and at the third conference in 2002 Alastair Ross Goobey and Mike Lubrano. Having international speakers has significantly increased the attractiveness of the conference to participants from elsewhere in Latin America as well as senior participants from Brazil. Consultees in Brazil confirmed that the support received from the Forum raised the profile of the annual conference from a national to a Latin American event and thereby created regional networking opportunities, supporting the networking facilitated through the Latin American Roundtable meetings.
The First Latin American Roundtable

1.9 The first Latin American Roundtable took place in São Paulo/Brazil in April 2000, hosted by Bovespa. There were a number of reasons behind the choice of location for this first Roundtable:

- Brazil is by far the largest economy in Latin America
- Contacts already existed between Sandra Guerra and Bengt Hallqvist (former CEO and Chairman of the IBCG) with key people in the World Bank Group and the OECD, in particular Mark Lubrano and Mats Isaksson; this effective network helped to move things along quickly and the IBCG could play a role in organising the event
- In early 2000, awareness on corporate governance in Brazil was higher than elsewhere in the Region, not least because of the existence of a functioning Institute of Directors. While on grounds of ‘additionality’ therefore it might have been better to choose another location, in terms of demonstration effect and dissemination of best practice for the Region it made sense
- the time of the first Roundtable was a sensitive time in Brazil with respect to new legislation in the field of company law; this included plans to establish a new type of stock exchange (the Novo Mercado) to encourage more listings activities, modelled to some extent on the “Neuer Markt” in Germany. There was an expectation that the Regional Roundtable and follow-on activities might play a role in helping to progress the new legislation through the system.

1.10 The April 2000 Roundtable provided the very first opportunity for policy makers and professionals in the field of corporate governance from across Latin America to meet and discuss differences and similarities between their countries. This event was widely seen by professionals and decision-makers across the region as essential in moving the corporate governance agenda forward in Latin America.

PSAG/IRTF Meeting in September 2000

1.11 In order to maximise the impact of the first Roundtable in Brazil, in particular with respect to the creation of the Novo Mercado, it was followed up quickly in September 2000 with a meeting of the PSAG and the IRTF on the Brazilian market, co-hosted by Bovespa, the Central Bank of Brazil, and the Comissão de Valores Mobiliários (CVM) (the Brazilian Securities Exchange Commission).

1.12 Consultees commented extensively on the crucial role of this event in furthering corporate governance in Brazil:
the participation of key members of PSAG and IRTF (led by Peter Clapman) and the association with the World Bank and the OECD helped to attract key decision-makers from the Brazilian public sector as well as senior executives of the largest Brazilian companies; amongst the participants were the Finance Minister, the President of the Central Bank, the President of the CVM, CEOs of top companies in Brazil and representatives of major institutional investors

- the proceedings were action-oriented and evidence-based but not prescriptive
- there was always intended to be a two-way flow of information between domestic and foreign representatives.

1.13 In the period October/November 2000, IRTF and IFC provided written commentary on proposed legal and regulatory reforms and the draft “Novo Mercado” rules.

**Novo Mercado**

1.14 The Novo Mercado was launched in December 2000. The rationale for its establishment was the fact that the Brazilian legal corporate environment made investment in newly listed companies very unattractive for investors. The majority of Brazilian companies have more than 2/3 of non-voting shares which the law allows them to have. There is a distinct lack of minority shareholder protection and therefore public listings were not used by new companies as a means of raising money; there had not been any Initial Public Offering (IPO) in Brazil after 1997.

1.15 The Novo Mercado was targeted particularly at new company listings but its requirements were designed almost as a ‘bench-mark’ for general future corporate governance standards in Brazil. However, it was recognised that it would be difficult for traditional family-owned businesses to grasp the advantages of the new concept immediately and therefore the Novo Mercado introduced a three stage listing process including Nível 1 (more disclosure), Nível 2 (more disclosure and rights to investors) and Novo Mercado (more disclosure, rights to investors and only voting shares).

1.16 Nível 1 is not generally considered onerous with disclosure being the key requirement. Nível 2 is much more contentious as it requires both controlling shareholders to give up certain rights as well as the requirement that companies need to go through arbitration (rather than using the legal system) to solve problems including those arising between shareholders and board members. As the justice system is known to work very slowly in Brazil and judges are not educated in corporate law, offences against the law can take a very long time to lead to consequences and the request to go for arbitration can be seen by some as threatening unwelcome immediate action.
1.17 Due to the change in the world economic environment in general and the impact of Argentine’s economic crisis on Brazil, the Novo Mercado has not yet been used as much as Bovespa had hoped for at its launch. At the beginning of 2001, shortly after the initial opening, a number of companies had gone to press saying that they were interested. However, in the event only two companies have so far been listed on the Novo Mercado; in addition, 29 companies have gone for the level 1 requirements and three companies have gone for level 2. While this is a disappointing outcome, these 34 companies do represent 10% of all listed companies and 25% of market capitalisation in Brazil. Moreover, a number of companies are ‘almost ready to go’.

1.18 During the first half of 2001, Bovespa promoted the Novo Mercado internationally through a series of road shows to New York, Boston, Los Angeles, San Francisco, London and Edinburgh. Members of the PSAG helped to put the programme together and invited a wide range of fund managers and investors to the meetings. Bovespa has also received a big number of visiting groups from elsewhere in the world who are interested to hear about their experience with the different listing requirements and the Novo Mercado. This includes a number of international meetings, some organised by the Forum and some through other organisations, where questions of corporate governance are being discussed.

1.19 Within Brazil, Bovespa has used the time of relatively slow activity to educate companies. They are engaged in an intensive programme of company visits to prepare the ground for further listings under level 1, 2 and Novo Mercado.

**Latin American Director Professionalism Network**

1.20 Twelve Brazilian representatives participated in the residential training course in Washington, DC (27 July 2003 – 2 August 2003) which was jointly organised between the Forum and the International Institute for Corporate Governance at Yale University. Support for travelling and subsistence was provided by the Forum as well as US AID and CIPE.

1.21 Participants were chosen by the board of IBGC on the basis of:

- Their existing knowledge of corporate governance
- Their commitment to running a specified number of training courses over a set period of time.

1.22 Given their experience with corporate governance, a number of these participants ‘doubled’ up as lecturers on the course. The course brought participants up to date on latest developments in the field of corporate governance as well as helping them to hone their curriculum and course delivery skills.
The Latin American Institute

1.23 The Latin American Institute of Corporate Governance (LAICG) was established by the members of the “Latin American Network of Corporate Governance and Director Training” in the course of the capacity building programme in Washington. “Representatives from Argentina, Brazil, Chile, Colombia, México, Perú and Venezuela agreed on the importance of developing a regional task-force to promote best practices in each country and to become a vehicle to distribute as widely as possible the Latin American White Paper.”

1.24 The Institute was a development from the “Network of Latin American Institutes of Corporate Governance” which was founded in April 2002, with the inaugural meeting held in Mexico City preceding the Roundtable meeting. This meeting was convened with the support from the Forum, the IFC and the OECD. The founding members were IAGO from Argentina, IBCG from Brazil and Confecamaras from Colombia, with groups from Chile and Mexico also attending. In November 2002, IBGC hosted the second meeting of the network in São Paulo, timed to coincide with the IBGC Annual Congress. Participation in the network expanded to include IDCh from Chile, the CCE and IMGC from Mexico, ASDIC from Peru and AVE from Venezuela. At the November meeting, it was decided that Paulo Villares would act as chairman of the Institute and Paola Gutiérrez Velandia, Programme Manager at Confecamaras would be in charge of coordinating the Network. Subsequently, Confecamaras produced a comprehensive website for the Network.

1.25 In Washington, Paulo Villares was appointed as chairman of the LAICG and Paola Gutiérrez is acting as the Executive Secretary. A number of questions about the objectives, activities, management and budget of the LAICG are still being explored. However, the pure fact of its formation and existence is a strong reflection of the regional cohesiveness of the corporate governance movement in Latin America.

The Impact of Forum activities

1.26 Over the last eight years, Brazil has made great progress in the field of corporate governance. Given that the IBCG started its activities in 1995 already, it is likely that quite a lot would have happened had there been no support provided by the Forum. However, there is also little doubt that the Forum played an important role in strengthening and accelerating the thrust of activities through a variety of channels:

- The organisation of the first Latin American Roundtable and the subsequent PSAG/IRTF meeting

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• Helping the IBCG to develop its training activities, thereby improving the sustainability of the organisation and helping it to widen and deepen its training impact

• Accelerating the establishment of the Novo Mercado

• Encouraging networking and dissemination of best practice across Latin America with the help of the Roundtables and the annual IBGC Conference

• Stimulating the creation of the Latin American Institute.
Annex B

Research Instruments
Global Corporate Governance Forum Questionnaire – Regional Corporate Governance Roundtable participants

SQW Limited has been commissioned by The World Bank to complete an evaluation of the Global Corporate Governance Forum. This survey of all participants in the Regional Corporate Governance Roundtables forms an important aspect of our work and your involvement via the questionnaire is greatly appreciated. The information you supply will be treated in strictest confidence, and will be used solely for the purposes of this study. Please return completed questionnaires by e-mail to Roundtable@sqw.co.uk or by fax to Gemma Lambert on 0044(0)1223 209401 by 13 October 2003.

<table>
<thead>
<tr>
<th>Q1</th>
<th>Name</th>
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<tbody>
<tr>
<td>Q2</td>
<td>Organisation/corporation represented</td>
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<tr>
<td>Q3</td>
<td>Nationality of organisation/corporation represented</td>
</tr>
<tr>
<td>Q4</td>
<td>Regional roundtable in which you have participated (e.g. S. Asia)</td>
</tr>
<tr>
<td>Q5</td>
<td>E-mail address</td>
</tr>
<tr>
<td>Q6</td>
<td>Why did you choose to become involved in the Regional Corporate Governance Roundtable?</td>
</tr>
<tr>
<td>Q7</td>
<td>Please rate the effectiveness and impact of the regional corporate governance roundtable in which you have participated in relation to… Effectiveness score on a scale of 1-5 Don’t Know</td>
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<tr>
<td></td>
<td>At national level</td>
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<td></td>
<td>5= Highly effective</td>
</tr>
<tr>
<td>A)</td>
<td>raising awareness of corporate governance issues.</td>
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<tr>
<td>B)</td>
<td>establishing a consensus with reference to corporate governance.</td>
</tr>
<tr>
<td>C)</td>
<td>identifying clear priorities for corporate governance reform.</td>
</tr>
<tr>
<td>D)</td>
<td>successfully identifying technical assistance needs.</td>
</tr>
<tr>
<td>E)</td>
<td>improving action planning in the field of corporate governance.</td>
</tr>
<tr>
<td>F)</td>
<td>implementing relevant and practical initiatives/tools to improve corporate governance.</td>
</tr>
<tr>
<td>G)</td>
<td>facilitating exchange of experience and disseminating best practice relating to corporate governance</td>
</tr>
<tr>
<td>Q8</td>
<td>Has the regional roundtable been successful in identifying the key corporate governance issues in the region?</td>
</tr>
<tr>
<td>Q9</td>
<td>Has the regional roundtable been successful in identifying appropriate initiatives to address these issues?</td>
</tr>
<tr>
<td>Q10</td>
<td>Do you feel that the regional roundtable activities and initiatives are resulting/will soon result in improved corporate governance at national level?</td>
</tr>
<tr>
<td>Q11</td>
<td>Please list the 3 most significant benefits for improved corporate governance in the region which can be attributed directly to the work of the Global Corporate Governance Forum…</td>
</tr>
<tr>
<td>Q12</td>
<td>Please rate the following aspects of the Regional Corporate Governance Roundtable events on a scale of 1-5.</td>
</tr>
<tr>
<td>A) Quality of event organisation</td>
<td></td>
</tr>
<tr>
<td>B) Quality of workshops and speakers</td>
<td></td>
</tr>
<tr>
<td>C) Quality of outputs and outcomes resulting from Roundtable events and discussions</td>
<td></td>
</tr>
<tr>
<td>D) Usefulness of informal networking</td>
<td></td>
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<tr>
<td>Q13</td>
<td>Overall, please rate the extent to which participation in the Regional Corporate Governance Roundtable has met your expectations…</td>
</tr>
<tr>
<td>5 = Participation exceeded expectations</td>
<td></td>
</tr>
<tr>
<td>1 = Participation failed to meet expectations</td>
<td></td>
</tr>
<tr>
<td>Q14</td>
<td>Are you aware of any similar initiatives to improve corporate governance in the region? If yes, please provide details below.</td>
</tr>
</tbody>
</table>
Q15. What do you feel are the regional priorities for improving corporate governance in the next three years?

Q16. Please rank the following in terms of their importance to improving corporate governance in the region over the next 3 years.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Ranking</th>
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<tbody>
<tr>
<td>A) Awareness raising and building consensus</td>
<td></td>
</tr>
<tr>
<td>B) Funding technical assistance and building capacity</td>
<td></td>
</tr>
<tr>
<td>C) Developing and funding research</td>
<td></td>
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<tr>
<td>D) Disseminating best practice</td>
<td></td>
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<tr>
<td>E) Other 1 (Please state)</td>
<td></td>
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<tr>
<td>F) Other 2 (Please state)</td>
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</tr>
<tr>
<td>G) Other 3 (Please state)</td>
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</tbody>
</table>

Q17. If the Global Corporate Governance Forum (GCGF) is continued beyond April 2004 should its role be significantly changed?

Yes  [ ]  No  [ ]

Q18. If yes, how should the role of GCGF change in order to maximise improvements to corporate governance?

Thank you for your time.

Please return the completed questionnaire to SQW Limited by 13th October 2003.  
e-mail to Roundtable@sqw.co.uk or by fax 044 (0)1223 209401
SQW Limited has been commissioned by the Global Corporate Governance Forum (GCGF) Steering Group (which includes representatives from the World Bank, the OECD and donor governments) to complete an interim evaluation of the Forum. The first results of our work are to be presented at the GCGF Steering Group meeting on 5 November 2003.

Within the tight timescale of this evaluation, it will not be possible to undertake a programme of consultations with all members of the PSAG regarding the effectiveness of the work of the Forum. Therefore, we would be very grateful if you could spend a few moments filling in the attached e-mail questionnaire. However, if you felt more comfortable to talk to a team member rather than fill in the form, or even if you wanted to talk in addition to filling in the questionnaire, please contact Kathrin Peters by e-mail (kbpeters@sqw.co.uk) or telephone (00 44 1223 209400).

It would help us if we could have the completed questionnaire returned by 13 October 2003 by e-mail to PSAG@sqw.co.uk or by fax to Kathrin Peters on 00 44 1223 209401.

Many thanks for your collaboration.

### Personal Details

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**Your involvement in the Global Corporate Governance Forum (GCGF) and the Private Sector Advisory Group (PSAG)…**

| Q4 | Why did you/your organisation decide to become involved in the PSAG? |

| Q5 | Please describe the nature of your involvement in the PSAG |

**Impacts of the Global Corporate Governance Forum…**

| Q6 | Please list the 3 most significant benefits for improved corporate governance which can be attributed directly to the work of the GCGF |

1

2

3
| Q7 | Please describe any weaknesses of the GCGF in improving corporate governance in transition and developing economies |
| Q8 | Are you aware of specific examples of GCGF activities/initiatives that have resulted directly in improvements to corporate governance in beneficiary countries? | Yes | No |
| | If yes, please provide details below |
| Q9 | Please rate the effectiveness and impact of the GCGF in terms of… | Effectiveness score on a scale of 1-5 |
| | A) Raising awareness of corporate governance issues | 5= Highly effective |
| | B) establishing a consensus with reference to corporate governance. | 1= Not at all effective |
| | C) identifying clear priorities for corporate governance reform. | |
| | D) successfully identifying technical assistance needs. | |
| | E) implementing relevant and practical initiatives/tools to improve corporate governance. | |
| | F) facilitating exchange of experience and disseminating best practice relating to corporate governance | |
| | G) sponsoring appropriate and relevant research in the field of corporate governance | |
| Q10 | Are you aware of any similar initiatives to improve corporate governance? If yes, please provide details below. |
| Q11 | What do you feel are the priorities for improving corporate governance in transition and developing economies over the next three years? |
| Q12 | If the Global Corporate Governance Forum (GCGF) is continued beyond April 2004, should its role be significantly changed? |
| Yes |  |
| No |  |
| Q13 | If yes, how should the role of GCGF change in order to maximise improvements to corporate governance? |
SQW Limited has been commissioned by the Global Corporate Governance Forum (GCGF) Steering Group (which includes representatives from the World Bank, the OECD and donor governments) to complete an interim evaluation of the work of the Forum. The first results of our work are to be presented at the GCGF Steering Group meeting on 5 November 2003.

Within the tight timescale of this evaluation, it will not be possible to undertake a programme of consultations with all members of the IRTF regarding the effectiveness of the work of the Forum. Therefore, we would be very grateful if you could spend a few moments filling in the attached e-mail questionnaire. However, if you felt more comfortable to talk to a team member rather than fill in the form, or even if you wanted to talk in addition to filling in the questionnaire, please contact Kathrin Peters by e-mail (kbpeters@sqw.co.uk) or telephone (00 44 1223 209400).

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<td>Q3</td>
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**Your involvement in the Global Corporate Governance Forum (GCGF) and the Investor Responsibility Task Force (IRTF)…**

<table>
<thead>
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<th>Q4</th>
<th>Why did you/your organisation decide to become involved in the IRTF?</th>
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<tr>
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<td>Please describe the nature of your involvement in IRTF</td>
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</table>

**Impacts of the Global Corporate Governance Forum…**

<table>
<thead>
<tr>
<th>Q6</th>
<th>Please list the 3 most significant benefits for improved corporate governance which can be attributed directly to the work of the GCGF</th>
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<tbody>
<tr>
<td>1</td>
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<td>2</td>
<td></td>
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<tr>
<td>3</td>
<td></td>
</tr>
<tr>
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<td>Please describe any weaknesses of the GCGF in improving corporate governance in transition and developing economies</td>
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</tbody>
</table>
| Q8 | Are you aware of specific examples of GCGF activities/initiatives that have resulted directly in improvements to corporate governance in beneficiary countries?  
If yes, please provide details below  
Yes ☐  
No ☐ |
| Q9 | Please rate the effectiveness and impact of the GCGF in terms of…  
Effectiveness score on a scale of 1-5  
5= Highly effective  
1= Not at all effective  
A) Raising awareness of corporate governance issues  
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C) identifying clear priorities for corporate governance reform.  
D) successfully identifying technical assistance needs.  
E) implementing relevant and practical initiatives/tools to improve corporate governance.  
F) facilitating exchange of experience and disseminating best practice relating to corporate governance  
G) sponsoring appropriate and relevant research in the field of corporate governance |
| Q10 | Are you aware of any similar initiatives to improve corporate governance? If yes, please provide details below. |
**Future developments in corporate governance…**

<table>
<thead>
<tr>
<th>Q11</th>
<th>What do you feel are the priorities for improving corporate governance in transition and developing economies over the next three years?</th>
</tr>
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<tbody>
<tr>
<td>Q12</td>
<td>If the Global Corporate Governance Forum (GCGF) is continued beyond April 2004, should its role be significantly changed?</td>
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<td>Q13</td>
<td>If yes, how should the role of GCGF change in order to maximise improvements to corporate governance?</td>
</tr>
</tbody>
</table>
Score (5 = Highest)

Overall Evaluation 27 July - 2 August 2003

<table>
<thead>
<tr>
<th>Program Outcome</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contents of program matched the stated objectives</td>
<td>1</td>
<td>6</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program achieved the stated objectives</td>
<td>1</td>
<td>6</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program helped me increase my skills and knowledge</td>
<td>4</td>
<td>26</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>The materials for this program were useful</td>
<td>2</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule was full but productive</td>
<td>3</td>
<td>6</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall, the program was useful and will help me do my job</td>
<td>4</td>
<td>26</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overall Comments and Recommendations

1. What did you find most useful about the program?

(1) The sessions were really enriching. (2) The exchange of opinions between audience and lecturers. The Alberta presentation was outstanding! (3) The CG in family business. (4) The Legal/Judiciary concepts. (5) The diversity of opinion and expertise. (6) The interaction between experiences and experienced people. (7) Sharing experiences and learning from more experienced organizations and lecturers. It was a very practical learning. (8) Principles of governance; Cases - very good; Quality of professors; Creation of the Latin America Network Institute for Corporate Governance. (9) It was fantastic! (10) We could get experience, for instance, about audit committee agendas. We also could see research from universities that was really interesting. (11) The content. (12) The information provided by the Canadian experience and that relating to audit committees. (13) Besides much information the program added a long-term vision of CG and its historical role in improving society as a whole. (14) The material.

(15) An effective and comprehensive review of corporate governance fundamentals as well as shared experience with international experts and regional colleagues. The Network. (16) The overall range it covered. (17) Materials are great. The speakers were outstanding, well organized. (18) The program surpassed my expectations. The vast majority of the lectures were great - great speakers, great planning, great logistics. Please have in mind that I am not usually as cheerful when I evaluate programs and seminars like this! (19) The interaction which gave much more strength and depth to the material. (20) Share of information, concrete experiences. (21) Broad view. Cross country speakers. Exchange of experiences. (22) The connection between corporate governance and day to day issues relating to the rule of a firm. (23) Transfer of knowledge, build of agenda. (24) Diversity of the presentations, knowledge of some speakers. (25) The high level of the speakers, the quality of the material, the scope of the program. (26) Excellent preparation and delivery. Excellent presenters.

(27) The experience and knowledge from all the participants. (28) The high policy level experience for which we were offered the benefit. I was delighted to be included as a donor. (GS).

2. How would you rate the materials used during the program?

(1) Strongest rating - x23 (2) It would have been useful to get the presentation on CD. (3) This will be an excellent material that we can use in our future capacitating. (3) Excellent. (4) Very good! (5) Some slides were missed. (6) Excellent! (7) We could not read everything yet but it seems to be very helpful. (8) One of the main positive points of the course. (9) Useful (and heavy!). Electronic versions of powerpoint presentations should be made available. (10) Very good material for most of the subjects covered. (11) They look great but unfortunately we didn't have enough time to digest the readings prior to the presentations. I suggest that you address this next time. (12) Some could have been preceded by a summary. (13) Sometimes out of time. (14) Very good, but we need presentations in CD Rom. (15) Excellent. (16) Too much material to study, very little time to discuss it. (17) Excellent (GS).

3. Were there any gaps in the program content/presentations?
I was hoping Mr. Millstein was going to tell us about his board experience in companies like Tyco. Example: "A Typical Year as a Boardmember in the US". More time for interaction amongst participants would have been useful. Cases should be more streamlined, main key issues should be highlighted or have much more time, it should be more pragmatic, participants should have to vote as directors. Strategy was poorly presented (P. Almeida) and Risk Management (M. Stocker). Some differences between presentations and printed materials. No. (21) In some cases, too many questions presenting students own points disturbed the momentum of the presentations. No, to my point of view. (23) No. (GS).

4. What type of follow-up support would you need? (More case studies, more work in groups, more specific plans for implementation, sharing of best practices)

(1) The schedules should be kept tight. Material should be provided in advance, with the objective of coming to the meetings with the knowledge of the core part of the lectures. (2) I think that some presentations could be deeper. (3) More time for some "cases". (4) We should have been given more time to discuss the case studies since this is a training program. (5) Some presentations fell short of expectations. (6) More discipline with attendance and compliance with time schedule. (7) More international perspective. (8) They should be less repetitive. They could also address more specifically our reality. (9) Presentations as the Canadian professor did. (10) The role of multinational corporations and their corporate governance, frequently just pro-forma. (11) To speak more about ethics. (12) The role of the Board as related to establishing strategy and taking strategic decisions was superficially covered and this is one of the most important roles of any board. (13) No. (14) Some presentations could be more practical. In some cases they weren't well oriented to reach a Latin American audience, sinc

(15) I was hoping Mr. Millstein was going to tell us about his board experience in companies like Tyco. Example: "A Typical Year as a Boardmember in the US". (16) More time for interaction amongst participants would have been useful. Cases should be more streamlined, main key issues should be highlighted or have much more time, it should be more pragmatic, participants should have to vote as directors. (17) No. (18) Strategy was poorly presented (P. Almeida) and Risk Management (M. Stocker). (19) Some differences between presentations and printed materials. (20) No. (21) In some cases, too many questions presenting students own points disturbed the momentum of the presentations. (22) No, to my point of view. (23) No. (GS).

5. What would be the best way to provide you with this support? (Central repository or the web, periodic newsletters, follow-up programs, etc.)

(1) All of these - plus plans for implementation, work in groups and case studies. (2) Maintain the materials. (3) More case studies to develop in group as a board of directors. (4) More cases and more work groups. (5) More case studies and the sharing of best practices. (6) A more concrete effort to summarize. (7) More case studies, sharing of best practice. (8) More work in groups. (9) All! (10) It would be very helpful if our network could share information on research. (11) More work in groups, I think. (12) More studies - drafts of code of ethics. "open line" to talk or send emails with the professionals of this area. (13) All of the above. Powerpoint presentations via email. (14) a. more case studies. b. more work in groups. c. change established plan or work route to follow. d. more specific plans for implementation. e. sharing of best practice. (14) Sharing of best practices, greater interaction with institutions like IOD UK would be helpful. (15) Sharing of best practice. (16) More case studies - sharing of best practice.

(17) Case studies, group work and prior reading of prep. materials. (18) EVERYTHING!! (19) More work in groups, plans for implementation. (20) More cases, better prepared, better presented, with more discussion, conclusions. (21) More case studies. Give the powerpoint presentations in a CD-Rom or on a website! (22) Key studies, papers as result of research effort. (23) Sharing of best practices. (24) Specific plans for implementation. Sharing of best practices. (25) I would suggest to work the "case studies" with the methodology of "work in groups"; I also suggest the establishment of a mechanism to share best practices (from participants). (26) Donor coordination in program content - if and as appropriate and in proportion to resources committed by USAID in the future (GS).
(1) Central repository on the web. (2) Follow-up programs and periodic news. (3) Web with email advice. (4) Follow-up programs would be advisable. (5) Through the web and follow-up programs. (6) Follow-up programs and central repository on the web. (7) Periodic newsletters; Follow-up, shorter program. (7 You have the idea. (8) E-mail newsletters. (9) I think a good combination would be a central repository and follow-up programs. (10) All of the above. (11) The web, follow-up programs. (12) Communicating to the participants what are the best websites and what to look for in those sites (governance institution sites). (13) All of them. (14) Using the web. Creating discussion papers. (15) All these ideas look great. An e-forum at the website too (or an email list). (16) Keep it going - the above and more. (17) Central repository or the web, periodic newsletters, follow-up programs, keep on tracking. (18) Periodic newsletters and follow up programs. (19) Follow-up programs. (20) Follow up programs as main tool supporting with network info. (21) Web, newsletters, follow-up programs.

(22) Central repository on the web. Periodic newsletters. (23) Periodic newsletters, sent by email or placed in the web. (24) USAID hopes to be able to offer follow-up support through technical assistance and training through CIPE and the OECD. We also hope to include the GCGF’s strategy and materials in our project implementation. (GS).

6. What are your recommendations for improvement of the program?

(1) Provide the material with enough time. (2) A better coordination through the country institutes utilizing the corporate governance principles using the new board and the Executive Director to empower them. (3) Country cases should be reviewed and discussed with the academic leader prior to the program. It would be very helpful if Florencio had given us his inputs beforehand. The program should start on schedule. Sometimes the sessions started later. (4) Have more European speakers - Germany, Spain - regulators and lawyers. Need to know more of what is going on there. A lot more time for cases, distribute them in advance. Distribute all the material electronically - Binders are ok but present a problem to carry. Some slides presented were not distributed, suggestion to distribute all slides. Time should be allotted for questions. Some topics did not allow for that. Start at 8:30 instead of 9:00. Have more internet facilities on the site. Include topic on taxation. Include topic on capital markets.

(5) You are doing a great job!!! Please keep doing an extra letter to maintain the group together. (6) Try to be less repetitive and more focused on Latin American countries' reality. (7) To have an intensive feedback with the local institutes. (8) Provide a couple of cases to be studied before coming to the program. Plan for break out sessions with working groups discussion in specific subjects. Allow more time for countries' cases - discuss in work groups. (9) More emphasis in case studies and development of practical tools useful for every country or institute. (10) Mandatory reading. Demand that participants write an article about one of the topics as a type of term paper for "graduation". (11) Eliminate the weak presentations. Definition: a weak presentation is one where you feel that you are bored and wasting your time because you might as well read it. (12) More time to have opportunity to "Think" to "Share Opinions", to "Think Again". (13) Attach electronic documents both ppts and articles. (14) Reply in any country.

(15) More balanced contents on board functioning as opposed to too much CG examples. (16) Receive the papers in advance. (17) Focus more on the particularities of the countries involved. (18) At least for Latin American audiences try to moderate questions. Perhaps give full lecture (no questions) and then open the session for questions. (19) I would recommend less lectures and more work in groups to discuss subjects. (20) None (GS).

Food & Lodging

<table>
<thead>
<tr>
<th>Food</th>
<th>Score (5 = Highest)</th>
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<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Welcoming Dinner</td>
<td>3</td>
</tr>
<tr>
<td>Hotel Breakfasts</td>
<td>4</td>
</tr>
<tr>
<td>Lunches during program</td>
<td>2</td>
</tr>
<tr>
<td>Coffee breaks during program</td>
<td>4</td>
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</tbody>
</table>
What recommendations would you like to make regarding improving food options?

(1) Fruits also in the afternoon break. Water in the room when the class starts. (2) Service at the Club Quarters restaurant was terrible. (3) Have more -- or at least some -- diet snacks. (4) I suggest less formal lunches, with lighter meals (to be able to maintain awareness during lectures).

<table>
<thead>
<tr>
<th>Lodging - Club Quarters</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>Staff was helpful</td>
<td>4</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Accommodations were clean &amp; comfortable</td>
<td>2</td>
<td>2</td>
<td>7</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Location of hotel was convenient</td>
<td></td>
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<td>29</td>
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</tbody>
</table>

What recommendations would you like to make regarding improving the hotel accommodations?

(1) They are convenient. (2) It was ok. (3) Hotel was ok, generally speaking. (4) None. (5) Telephone rate (US $7 per minute) is outrageous! (6) The hotel staff wasn't large enough to deal with a group as large as this. They couldn't handle simple situations as late checkouts, waking-up calls, etc. (7) Better fitness facilities. Better staff at restaurant. (8) Instructions for telephone use do not correspond to the system. Personnel should not only be efficient but also nice: smiles and empathy don't cost anything, they are the best investment - costs nothing and produces great returns. (9) There was a lack of business facilities. (10) Staff was not helpful, even uncooperative. (11) Improve service of staff. (12) Better breakfast at the hotel. (13) Location is great! The best characteristic. Train/improve staff.

Note: (GS) is Georgia Sanbunaris, USAID representative and program observer.
Annex I

Forum Evaluation Evidence
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<table>
<thead>
<tr>
<th>Speaker</th>
<th>Title</th>
<th>Score (5 = Highest)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ira Millstein</td>
<td>Review of CG Theory</td>
<td>6</td>
<td>(1) Great vision and commitment. (2) In few words managed to bring a vision of CG that may transform and improve society. (3) He made a very strong point about the importance of the corporation. But this advocacy showed to be even stronger for us - corporate governance is imperative for development of now totally stagnant capital markets through capitalization of smaller companies, specially those with potential. (4) Depth of knowledge. (5) Excellent speaker, hope to meet him again and learn from this wise knowledge. (6) Mr. Millstein's experience and policy making access are unequalled. He should include all the donors in his strategy sessions with the Institutes, since we are all asked for assistance grant provision to the Institutes, but you may do what you wish (GS).</td>
</tr>
<tr>
<td></td>
<td>Key Board Responsibilities</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Benchmarked</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Florencio Lopez-de-Silanes</td>
<td>Conflicts Insiders/Outsiders</td>
<td>8</td>
<td>(1) Thank you very much. The participation of Mr. Lopez was fully enriching. (2) Country cases need more time &amp; better organization. (3) Great commitment and endeavor. (4) Although being a teacher, I do not think that Florencio was didactic in some of his speeches. He was someone very dedicated to the success of the program. Without his effort I am sure that could not be possible. Sometimes he seemed impatient (same comment for J. Estanislao). (5) Some copies of presentations were not made available. (6) It would be good to give more time to work on the case studies methodology, specially regarding to every course feedback. (7) Same for IMM, comment 3*. (8) Very good pedagogical method. (9) It would be nice if he comes closer to the participants to share his vast knowledge. (10) Professor Lopez de Silanes' data &amp; research are extremely useful to our work. He is an excellent manager/moderator too. He is objective, experienced and fair in all his management (GS).</td>
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<tr>
<td></td>
<td>Ownership Structures</td>
<td>6</td>
<td></td>
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<td></td>
<td>Constructing Cases</td>
<td>1</td>
<td></td>
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<td></td>
<td>Intro to Other Control Mech.</td>
<td>1</td>
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<td></td>
<td>Feedback on Country Cases</td>
<td>4</td>
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<tr>
<td>Benchmarked</td>
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<td>1</td>
<td></td>
</tr>
<tr>
<td>Jesus Estanislao</td>
<td>Role of Regional Network</td>
<td>5</td>
<td>(1) Very charming and experienced. (2) He was very knowledgeable about the success of the program. Without his effort I am sure that could not be possible. Sometimes he seemed impatient. (3) He gave us an excellent example that regional organization is possible. (4) Very concrete, direct.</td>
</tr>
<tr>
<td></td>
<td>Scorecards (Reform in Asia)</td>
<td>5</td>
<td></td>
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<tr>
<td>Benchmarked</td>
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<td>2</td>
<td></td>
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<tr>
<td>Peter Clapman</td>
<td>Shareholder's Roles &amp; Rights</td>
<td>1</td>
<td>(1) He is indeed very knowledgeable on the subject but he didn't structure well his presentation/speech and therefore it seemed to me without a beginning -</td>
</tr>
<tr>
<td>Benchmarked</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Holly Gregory</td>
<td>Board Independence; etc.</td>
<td>1</td>
<td>(1) The material she gave us is absolutely excellent. (2) Clear. (3) She is an excellent policy expert and more of her (GS).</td>
</tr>
<tr>
<td>Benchmarked</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Paul Almeida</td>
<td>Role of the Board in Strategy</td>
<td>1</td>
<td>(1) Excellent! (2) Act as a priest, showing us ideal way to deal in real world.</td>
</tr>
<tr>
<td>Speaker</td>
<td>Title</td>
<td>Score (5 = Highest)</td>
<td>Comments</td>
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<tr>
<td>Michael Stocker</td>
<td>Risk Management</td>
<td>2 3 10 6 10</td>
<td>(3) He is much more a &quot;marketing - oriented&quot; guy then a professional consultant one. (4) Clear review. (5) I think he did not make an interesting point. (6) The subject was not in accordance to the rest of the program. The issues the speaker presented were not interesting but he is a very good speaker. (7) Strategic planning is a very important subject for the purposes of the corporate governance work.</td>
</tr>
<tr>
<td>Benchmarked</td>
<td></td>
<td>5 9 9 6 2</td>
<td>(1) No systematic presentation on risk &amp; crisis management. (2) Terrible guy. I almost left during his presentation and I could never think about working on this disastrous company. (3) Was confused. (4) I think it was out of the focus of the rest of the program. (5) The subject was not well explored. (6) His experience was good in reflecting a hardship case study and how to overcome adversity (GS).</td>
</tr>
<tr>
<td>Nadine Baleeiro Teixeira</td>
<td>Case: Brazil</td>
<td>1 10 16 5</td>
<td>(1) The best case, regarding the interesting issues that she brought as well as the ability she had in exploring the questions.</td>
</tr>
<tr>
<td>Benchmarked</td>
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<td></td>
<td></td>
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<tr>
<td>Mike Lubrano</td>
<td>Regional Legal Constraints</td>
<td>3 3 19 10 11</td>
<td>(1) Note: Mike Lubrano has a &quot;special&quot; personality. On one dinner I told him that I like his NY accent. He answered to me &quot;this is no accent, this is the way we talk, Mother F...&quot;. Not nice at all!!! (2) Interesting issues but it is a pity that ML was not able to finish his presentation on the first day. (3) Good review. (4) Mike is excellent &amp; has much appreciated experience. His cases and on the ground technical experience was excellent (GS).</td>
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<tr>
<td>Benchmarked</td>
<td>Gov. by Ad Hoc Agreement (w/ D. Murgio)</td>
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<tr>
<td>Stanley Sporkin</td>
<td>Regulation &amp; Anti-Corruption</td>
<td>4 16 9</td>
<td>(1) Access to the views of such a senior policy maker is a real benefit (GS).</td>
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<td>Benchmarked</td>
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<td>8 12 8</td>
<td></td>
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<tr>
<td>Robert Dunn</td>
<td>Corporate Social Responsibility</td>
<td>1 1 6 11 9</td>
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<td>Benchmarked</td>
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<td></td>
<td></td>
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<tr>
<td>Italo Pizzolante</td>
<td>Case: Venezuela</td>
<td>4 11 8</td>
<td>(1) The Brazilians have gone ahead in respect to all Latin American countries and that is an excellent effort to take into account. (2) There was not enough technical depth in this presentation. Considering it was ad hoc it was excellent (GS).</td>
</tr>
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<td>Benchmarked</td>
<td></td>
<td>12 7 8</td>
<td></td>
</tr>
<tr>
<td>Philip Laskawy</td>
<td>Audit Reform, Committees</td>
<td>1 6 14 9</td>
<td></td>
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<tr>
<td>Benchmarked</td>
<td></td>
<td>2 9 11 8</td>
<td></td>
</tr>
<tr>
<td>Mary Keegan</td>
<td>Accounting Standards</td>
<td>1 5 14 12</td>
<td></td>
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<tr>
<td>Benchmarked</td>
<td></td>
<td>2 11 8</td>
<td></td>
</tr>
<tr>
<td>Adriana Sanches</td>
<td>Novo Mercado</td>
<td>1 7 13</td>
<td>(1) The Brazilians have gone ahead in respect to all Latin American countries and that is an excellent effort to take into account. (2) There was not enough technical depth in this presentation. Considering it was ad hoc it was excellent (GS).</td>
</tr>
<tr>
<td>Benchmarked</td>
<td></td>
<td>2 12 9</td>
<td></td>
</tr>
</tbody>
</table>
| George Vojta            | Gov. for Bank Directors                | 3 5 14             | (1) Useful concepts. (2) This is a very important issue that should be
<table>
<thead>
<tr>
<th>Speaker</th>
<th>Title</th>
<th>Score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvey Goldschmid</td>
<td>Regulator's Intl. Perspective</td>
<td>5</td>
<td>(1) Impressive with his authority and knowledge. (2) Excellent. (3) He was excellent on policy issues. His current policy position was an added benefit versus previous policy positions (GS).</td>
</tr>
<tr>
<td>Carlos Leone</td>
<td>Case: Argentina</td>
<td>5</td>
<td>(1) I think that teams, in general, did not know what we were expecting from the case study dynamic.</td>
</tr>
<tr>
<td>Andres Nobl</td>
<td>Case: Peru</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Randall Morck</td>
<td>Family Owned Firms</td>
<td>5</td>
<td>(1) The Best!! (2) The best conference in the course. (3) Should allow time for questions. (4) The BEST speaker, undoubtedly you should start from this guy on the next time. He was speaking about us really our reality. Great person. All the summer training was indeed worth it because of him. (5) Excellent! (6) Outstanding. For a Latin American perspective, its very comprehensive and focused. (7) Brilliant! He could make a conference on hell interesting. (8) Outstanding. (9) Superb presentation! (10) Probably the best speaker. (11) Outstanding lecture.</td>
</tr>
<tr>
<td>Alan Patricof</td>
<td>Private Equity</td>
<td>5</td>
<td>(1) He didn't prepare his speech. Seemed to me too repetitive (compared to what was addressed by the other participants).</td>
</tr>
<tr>
<td>Ken Taylor</td>
<td>Advisory Boards, Transition</td>
<td>5</td>
<td>(1) Should allow time for questions. (2) He did not cover the family issue as announced at all. He wasted a lot of time. (3) He was a profound speaker and very hard hitting in his points. His articles are extremely useful (GS).</td>
</tr>
<tr>
<td>Jeffrey Sonnenfeld</td>
<td>CEO Succession</td>
<td>5</td>
<td>(1) Although being a lawyer, he was very didactic and was a lot knowledgeable on the subject. (2) Interesting topic too many comments. (3) To me, this presentation was confusing because it was based only on legal facts that I don't manage. (4) His shareholder agreement is useful and he's very bright.</td>
</tr>
<tr>
<td>David Murgio</td>
<td>Gov. by Ad Hoc Agreement (w/ M. Lubrano)</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>T. Wigodski &amp; F. Lefort</td>
<td>Case: Chile</td>
<td>5</td>
<td>(1) Excellent case that illustrates corporate governance practices.</td>
</tr>
<tr>
<td>Chris Pierce</td>
<td>Building Sustainable Organizations (w/ J. Sullivan)</td>
<td>5</td>
<td>(1) This guy was incredibly boring. Terrible choice for the conclusion of our meeting. (2) These two are the foundation of our work in the future.</td>
</tr>
<tr>
<td>Speaker</td>
<td>Title</td>
<td>Score (5 = Highest)</td>
<td>Comments</td>
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</tr>
<tr>
<td>John Sullivan</td>
<td>Building Sustainable Organizations (w/ C. Pierce)</td>
<td>2 12 18</td>
<td>(1) CIPE's backing of this area is essential and John and Chris are like the pioneers or the apostles, or the founding fathers of this movement.</td>
</tr>
<tr>
<td>Benchmarked</td>
<td></td>
<td>5 10 17</td>
<td></td>
</tr>
<tr>
<td>Paula Guiterrez</td>
<td>Case: Colombia</td>
<td>2 13 8 6</td>
<td>(1) The case has more to do with competitive advantage theory rather than corporate governance. (2) The case itself is good but the Colombian team wasn't.</td>
</tr>
<tr>
<td>Benchmarked</td>
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Additional Comments:
(1) Special thanks: to Alyssa Machold, Lyn (IMM's assistant) and Florine. They were absolutely great. Nice and sweet persons, I hope I can meet them again. Fantastic girls! Special thanks to Anne Simpson as well. (2) All speakers and lectures were excellent; I regret not remember the names of all of them.

Note: (GS) is Georgia Sanbunaris, USAID representative and program observer.