

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
CORPORATE GOVERNANCE COMMITTEE**

Programme of Work and Budget 2017-2018

**7-8 April 2016
OECD Conference Centre
2, rue André Pascal, 75016 Paris**

Based on the Committee's discussion in November 2015 (DAF/CA/CG(2015)14), the formal 2017-2018 Programme of Work and Budget template is presented to the Committee for discussion and approval. The template will subsequently be submitted to the Secretary-General and the OECD Council for consideration and decision.

The complete document is available in PDF format only.

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Complete document available on OLIS in its original format

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STRATEGIC OBJECTIVE:	4	Enhance Public and Private Sector Governance		
OUTPUT GROUP:	4.1	Business Climate		
OUTPUT AREA:	4.1.3	Corporate Governance		
			2016	K EUR 2017
				2018
		Base Part I Budgeted Resources	1 419	1 419
		<i>% change per year</i>	<i>+0.1%</i>	<i>+0.1%</i>
		CPF	222	-
		Sub-total Direct (Base + CPF) Part I Budgeted Resources	1 641	1 419
		<i>% change per year</i>	<i>+0.8%</i>	<i>+0.1%</i>
		Attributed Indirect Part I Budgeted Resources[1]	134	-
		<i>% change per year</i>	<i>+0.6%</i>	<i>-</i>
		Total (Direct + Indirect) Part I Budgeted Resources	1 775	1 419
		<i>% change per year</i>	<i>+0.8%</i>	<i>+0.1%</i>
		% of total substantive Part I Output Areas	1.5%	1.2%

Total Estimate of Voluntary Contributions Planned	2 612	2 856	2 857
Of which Intermediate Outputs entirely financed from New Voluntary Contributions	27	-	-
<i>As a % of Total Estimate of Voluntary Contributions Planned</i>	1.0%	-	-

Total Estimated Cost (Direct Part I Budgeted Resources + Estimated Voluntary Contributions)	4 252	4 275	4 276
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RESPONSIBLE MANAGER: Deputy Secretary-General Rintaro TAMAKI

RESPONSIBLE DIRECTOR: Mr. Adrian BLUNDELL-WIGNALL

COMMITTEE INFORMATION:	MANDATE or SUNSET:
Corporate Governance Committee (CGC)	
<i>Participants/Observers:</i> Bank for International Settlements (BIS), International Monetary Fund (IMF), World Bank	31/12/2016
Working Party on State Ownership and Privatisation Practices (WPSOPP)	31/12/2016

[1] Measurable Attributed Costs will be provided in the draft PWB proposal, to be issued in autumn.

Policy Environment:

Improvements in corporate governance are an integral component of the wider structural reform agenda. High standards of corporate governance strengthen trust and accountability, promoting market efficiency, investment, productivity, financial stability, overall economic growth and well-being. Against this background, the endorsement of the G20/OECD Principles of Corporate Governance by the G20 Leaders in November 2015 confirmed the importance of an international benchmark and the OECD's role as the global standard setter. Together with the OECD Council adoption of the new Principles, the G20 endorsement comes with important responsibilities and increased expectations on the OECD to serve a larger policy community, notably with respect to dissemination and implementation. A deepening of the Committee's understanding of reform requirements and priorities also in Partner countries will be critical. These responsibilities will be assumed against the backdrop of increased internationalization of both corporate activities and financial markets, alongside new developments in corporate structures and financial intermediation. To promote effective implementation of the Principles and support national reform efforts, an understanding of how market-level developments impact the effectiveness of existing corporate governance policies, rules and practices is essential.

State-owned enterprises (SOEs) are of growing importance in the global economy. This reflects the ascendancy of emerging economies with large national SOE sectors, and a certain tendency for OECD Members to "renationalise" in response to the financial crisis. The growing importance of SOEs is likely to continue, and concerns about the governance and competitive situation of SOEs will proliferate as they increasingly integrate into global value chains through trade and investment. This will continue to give rise to policy challenges in countries at all levels of development. Emerging economies, which frequently rely on SOEs as vehicles for national development strategies, cannot sustain their current high growth rates unless they take action to raise SOE productivity. And mature economies are (as evidenced by recently developed trade and investment treaties) increasingly concerned with maintaining a "level playing field" in the global marketplace amid the re-emergence of SOEs as competitors. The OECD has global leadership in this area and is expected to help governments address the issues. The OECD Guidelines on Corporate Governance of State-Owned Enterprises (SOE Guidelines) offer a globally recognised benchmark that is increasingly used by policymakers in multilateral and domestic contexts.

Expected Outcomes:**Awareness/Understanding:**

- Increased awareness and capacity among policymakers in both Member and Partner countries to undertake necessary corporate governance reforms based on new and internationally agreed standards. Output Result(s) 1, 2.
- Increased awareness and capacity among policymakers in both member and partner countries to improve ownership practices and corporate governance of SOEs and ensuring transparency and accountability of their operations. Output Result(s) 3.

Usage:

- Increased implementation of OECD's standards to improve private sector trust, accountability and transparency on a global scale through the G20, established regional networks, country-level reform assistance and institutional co-operation, notably with the World Bank and the Financial Stability Board. Output Result(s) 1, 2, 3.
- Effective and timely adaption of corporate governance and policies to the demands of an evolving global financial and corporate landscape. Output Result(s) 1, 2.

Effects:

- A more open, efficient and predictable global investment climate. Output Result(s) 1, 2, 3.
- Higher productivity through better access to equity capital for innovative growth companies. Output Result(s) 1, 2.

- Better accountability and productivity in SOEs. Output Result(s) 3.
- A level playing field in national and international markets where SOEs and private enterprises coexist. Output Result(s) 3.

2017-18 Expected Output Results in Priority Order	Accountable Committee/Subsidiary Body/Global Forum	Ongoing /Time Bound (end-date)	2017 (K EUR)					2018 (K EUR)				
			Total Estimated Cost (TEC)[2]	Part I Budget	CPF[3]	VCs in Hand	New VCs	Total Estimated Cost (TEC)[2]	Part I Budget	CPF[3]	VCs in Hand	New VCs
1. Standard setting, monitoring and implementation guidance: Providing a global forum for information exchange, monitoring and implementation guidance based on the <i>G20/OECD Principles of Corporate Governance</i>. Three thematic peer reviews with recommendations; two analytical reports with recommendations; an annual and extended comprehensive Factbook on national corporate governance practices. Market and firm level data gathering to support two empirical reports on trends and developments affecting the relevance and effectiveness of corporate governance policies and practices and the OECD Business and Finance Outlook.	CGC	Ongoing	1 164	632	-	85	447	1 179	630	-	-	549
1.1. Three thematic peer reviews with recommendations; two analytical reports with recommendations; an annual and extended comprehensive Factbook on national corporate governance practices; market and firm level data gathering to support two empirical reports on trends and developments affecting the relevance and effectiveness of corporate governance policies and practices.	CGC	Ongoing	652	467	-	42	143	656	463	-	-	192
1.2. Horizontal co-operation and contributions to the OECD Business and Finance Outlook; two surveys/analytical reports and recommendations.	CGC	Ongoing	512	166	-	42	304	523	167	-	-	356

<p>2. Increasing global relevance and impact in corporate governance reform: Two to three analytical/outlook reports with recommendations; two to four good practice reports; data and information gathering to support two analytical reports on trends in corporate governance and the extended OECD Corporate Governance Factbook.</p>	CGC	Ongoing	1 821	374	-	1 064	383	1 806	376	-	-	1 430
	CGC	Time Bound Q4 2018	1 494	269	-	865	361	1 470	270	-	-	1 200
	CGC	Ongoing	327	105	-	199	23	336	105	-	-	230
	COMP, INV, WPSOPP	Ongoing	1 290	412	-	-	878	1 292	414	-	-	878
	COMP, INV, WPSOPP	Ongoing	400	112	-	-	288	403	113	-	-	290
<p>3. State-owned enterprises: Promoting a level playing field <i>inter alia</i> by developing a template for SOE reporting; assisting SOE reform and privatisation (and other divestment) through global and regional networks and country level reform assistance. One global standard; two analytical reports; two good practice reports; and data and information gathering.</p>												
<p>3.1. Maintaining a level playing field when SOEs act in markets: A global standard for SOE reporting, based on one analytical report. International dialogue on cross-border aspects of competitive neutrality.</p>												

3.2. Assisting SOE reform, global and regional networks: One good practice report, international dialogue and two external engagement events per year.	WPSOPP	Ongoing	726	187	-	-	539	725	187	-	-	537
3.3. Privatisation and other divestment: One good practice report; one analytical report.	WPSOPP	Time Bound Q4 2018	164	112	-	-	51	164	113	-	-	51
TOTAL			4 275	1 419	-	1 148	1 708	4 276	1 419	-	-	2 857

[2] TEC is equal to the sum of the Part I funds (Part I Budget and CPF), Voluntary Contributions in Hand and New Voluntary Contributions.

[3] Secretary-General's proposed CPF allocations.

End-users and Stakeholders:

BIAC, Business community, Civil society Groups, Corporate governance and director institutes, Development Agencies, Financial Stability Board (FSB), Financial, regulatory and supervisory agencies, G20 chair and members, International Monetary Fund (IMF), Ministries of Development Co-operation, Ministries of Economy, Ministries of Finance, Ministries of Industry, Ministries of Innovation, Ministries of Justice, National competition authorities, National designated authorities of member countries, Non-Governmental Organisations (NGOs), OECD Accession countries, OECD Key Partners, Policy research institutes, Regional development banks, State ownership agencies, SOEs, Stock exchanges, TUAC, World Bank

Horizontal Links with Other Areas:	
Linkages	Output Area
Linking the real economy and finance: Capital markets, productivity and long-term investment	1.1.2 Country Peer Reviews of Economic Policies 1.2.1 Entrepreneurship, Industry and Local Development 4.1.1 Investment 4.2.2 Finance, Insurance and Pensions
The State in the Market Place	Steel Committee (STEEL) 3.1.1 Trade Liberalisation 4.1.1 Investment 4.2.1 Competition
OECD Gender Initiative	2.2.3 Welfare and Social Inclusion
Work on market based corporate finance and long-term investment, infrastructure and green growth	2.3.5 Green Growth and Sustainable Development
Global relations work	5.2.1 Co-operation with Non-Members (Strategy and Co-ordination)

Collaboration with Other International Organisations:	
Planned Collaboration :	Name :
Participation in the work of the Committee and the Working Party. Co-operation in the implementation of standards and best practices.	Financial Stability Board World Bank
Co-operation in analysis and development of standards and best practices.	Bank for International Settlements (BIS) Basel Committee on Banking Supervision International Organization of Securities Commissions (IOSCO)
Consultations with the Committee. Data and information sharing.	International Federation of Accountants (IFAC)
Secretariat participation in global networks of corporate governance experts.	European Corporate Governance Institute (ECGI) International Finance Corporation (IFC)

Participation in the policy dialogue of the Latin American Corporate Governance Roundtable and Latin American Network on SOEs.	Corporación Andina de Fomento (CAF) Inter-American Development Bank (IADB) UN Economic Commission for Latin America and the Caribbean (UNECLAC)
Participation in the policy dialogue of the Asian Roundtable on Corporate Governance and the Asia Network on SOEs.	Asian Development Bank (ADB) International Finance Corporation (IFC)
Participation in the policy dialogue of the MENA working group and task forces.	Islamic Development Bank (IDB) Union of Arab Banks (UAB)
Participation in the policy dialogue of the South East Asia Corporate Governance Initiative.	Asian Development Bank (ADB) International Finance Corporation (IFC)
Outreach with non-member economies on SOE governance reform (not mentioned above).	African Development Bank (AfDB) African Peer Review Mechanism (APRM) New Partnership for Africa's Development (NEPAD) Southern African Development Community, Development Finance Resource Center (SADC-DFRC) UN Economic Commission for Africa (UNECA)

Gender Mainstreaming:

The Committee will continue to contribute to the employment and entrepreneurship elements of the OECD Gender Initiative, including women's access to business leadership positions.

Voluntary Contributions Expenditure in Previous Years and Planned for 2017-18:

	(K EUR)					
	2013	2014	2015	2016[4]	2017	2018
Previous Voluntary Contributions:	-	-	-	-		
Voluntary Contributions in Hand:					1 148	-
New Voluntary Contributions:					1 708	2 857

[4] Voluntary Contributions expenditure as at 31 December 2016 - expenditure information will be available in February 2017.

Global Relations Summary:

The Committee will undertake new initiatives to promote the implementation of the *G20/OECD Principles of Corporate Governance*, in which all Partner FSB Members (Argentina; Brazil; the People's Republic of China; India; Indonesia; Hong Kong, China; the Russian Federation; Saudi Arabia; Singapore; and South

Africa) will be invited to participate as Associates. FSB Members are also valued participants in regional programmes in Asia, Latin America, Southeast Asia, MENA and Southern Africa as well as for country programmes with the People's Republic of China, India and Indonesia. A revised Global Relations Strategy is also expected to increase the number of Partners participating in the Working Party on State Ownership and Privatisation Practices. This may include all Key Partners as well as countries with active SOE reform agendas such as Kazakhstan, Peru, the Philippines and Romania. Regional and more overarching programmes (e.g. in Asia, Latin America and MENA) to support SOE reform and implementation of the SOE Guidelines will also be important.

Contribution to Development:

The programme contains several work streams with a focus on development. During the biennium, special focus will be on the role of SOEs in development. This will include heightened efforts to implement the revised Guidelines on Corporate Governance of SOEs in partner countries, *inter alia* through regional forums in Asia, Latin America and MENA. A special activity on corporate governance, capital market development and development in South East Asia is underway.

Consideration of Sustainable Development Perspectives in the Programme of Work:

The Committee will continue to contribute to the work on corporate governance and market-based corporate finance and long-term investment, including the financing of infrastructure investment and green growth.