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Ambasada Britanică  
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# **CORPORATE GOVERNANCE TRAINING PROGRAM FOR BOARD MEMBERS OF STATE OWNED ENTERPRISES**

**2-6 April 2018  
Chisinau, Republic of Moldova**

# CORPORATE GOVERNANCE TRAINING PROGRAM FOR BOARD MEMBERS OF STATE OWNED ENTERPRISES

2-6 April 2018

7, Constantin Tanase str., Sala Mare, Ministry of Finance  
Chisinau, Republic of Moldova

## FOREWORD

Corporate governance principles and best practices have become global<sup>1</sup>. Effective corporate governance of a State Owned Enterprise (SOE) implies the proper allocation of power and responsibilities among owners, board of directors, and management. Key aspects of good corporate governance principles are:

- (i) **Rationale for state ownership:** The state should clearly exercise ownership of SOEs in the public interest. It should carefully evaluate and disclose the objectives that justify state ownership and subject these to recurrent review.
- (ii) **Ownership policy:** The state should act as an informed and active owner, ensuring that the governance of SOEs is carried out in a transparent and accountable manner, with a high degree of professionalism and effectiveness.
- (iii) **SOEs in the marketplace:** Consistent with the rationale for state ownership, the legal and regulatory framework for SOEs should ensure a level playing field and fair competition in the marketplace when SOEs undertake economic activities.
- (iv) **Equitable treatment of shareholders & other investors:** Where SOEs are listed or otherwise include non-state investors among their owners, the state and the enterprises should recognize the rights of all shareholders and ensure shareholders' equitable treatment and equal access to corporate information.
- (v) **Stakeholder relations and responsible business:** SOEs must recognize their responsibilities towards stakeholders and be open about their relations with stakeholders. Any expectations the state has in respect of responsible business conduct by SOEs should be made clear.

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<sup>1</sup> Global institutions, including the Organization for Economic Cooperation and Development (OECD), the World Bank (WB), the International Finance Corporation (IFC) and many other regional groups form a global network that strongly endorses corporate governance principles and confirm their link to reduced business risk and improved performance.

- (vi) **Disclosure and transparency:** SOEs should observe high standards of transparency and be subject to the same high quality accounting, disclosure, compliance, and auditing standards as listed companies.
- (vii) **Responsibilities of SOE boards:** The boards of SOEs should have the necessary authority, competencies, and objectivity to carry out their functions of strategic guidance and monitoring of management. They should act with integrity and be held accountable for their actions.

In addition, **applying financial and fiscal discipline** to SOEs can reduce government liabilities and simultaneously strengthen incentives for improved SOE governance and performance. For genuine financial and fiscal discipline, the Government must provide neither a financial advantage nor impose a financial disadvantage on SOEs relative to the private sector.

Between [October 2 and 17, 2017, over 50 civil servants from the Ministry of Finance of Moldova have already participated in a four-day workshop on corporate governance for board members of state owned enterprises](#). The training was in response to a priority request from the Ministry of Finance based on the findings of The Republic of Moldova: Support to State Owned Enterprises - Preliminary Diagnostics and Reform Assessment Report, issued as the result of research and analysis undertaken as technical assistance to the Ministry of Finance, delivered by the World Bank Governance team in collaboration with the UK's Good Governance Fund.

The objective of second phase of tailored workshop is to continue raise awareness of SOE governance good practices among SOE board members representing the Ministry of Finance. Representatives of the Ministry of Economy and Infrastructure and of the Public Property Agency will also be involved. The workshop will offer participants guidance on their role as a board member and how to perform it effectively, recognizing this often involves balancing the various interests of the State as shareholder, the general public, SOE management, and the Ministry of Finance.

The two-day workshop will be delivered for two groups, each comprising a maximum 30 participants, between 2 and 6 April as follows:

- Group 1 (3 days) – April 02 (afternoon), April 03 (afternoon) and April 04 (morning);
- Group 2 (3 days) – April 04 (afternoon), April 05 (afternoon) and April 06 (morning).

Participants are encouraged to read [The Republic of Moldova: Support to State Owned Enterprises \(SOEs\) Preliminary Diagnostics and Reform Assessment: Phase 1 Report<sup>2</sup>](#), published by the World Bank in 2016, for the theoretical background to the training.

Workshop sessions aim to be dynamic and participatory. Those taking part are welcomed to ask questions and encouraged to reflect on their experiences as board members and be

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<sup>2</sup> [http://siteresources.worldbank.org/EXTCENFINREPREF/Resources/Moldova\\_SOE\\_Diagnostics\\_EN.pdf](http://siteresources.worldbank.org/EXTCENFINREPREF/Resources/Moldova_SOE_Diagnostics_EN.pdf)

prepared to share these during the sessions to help better understand current shortcomings in corporate governance practices in Moldova and to consider together how these might be addressed.

## AGENDA | DAY 1

### 13:30 Welcome Remarks

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**Andrei Busuioc** | Senior Financial Management Specialist, CFRR, World Bank  
**Viorica Pricop** | State Secretary, Ministry of Finance

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### 13:45 **Session 1.** **Corporate Governance: the Business Case** **SOEs in Moldova: Accountability and the Role of the State**

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This session will introduce the overall context—including the importance and benefits of good corporate governance—as a first and essential step toward reforming the governance of SOEs. It will outline the 2015 OECD Guidelines on Corporate Governance of State-Owned Enterprises, which represent good international practice and will review how corporate governance is and should be different in SOEs, especially in terms of the role of the state and the performance monitoring and financial oversight of SOEs. In addition, this session will provide a brief overview of the status and characteristics of SOEs in Moldova and issues they are facing in light with good international benchmarks and practices.

**Dmitriy Larionov** | Consultant, CFRR, World Bank  
**Andrei Busuioc** | Senior Financial Management Specialist, CFRR, World Bank  
**Oxana Druta** | Financial Management Specialist, World Bank

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### 15:00 Coffee Break

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### 15:30 **Session 2. Shareholders and the Board of Directors**

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Key topics in this session will include a review of what the state as a shareholder and other investors want from a company and its governance, and a review of basic shareholders' rights. It will also include a review of information to be provided to shareholders, their rights and participation in key company decisions. Related party transactions and conflicts of interest may operate against fair treatment of shareholders. The proper processes for these in good corporate governance will be examined. The session will introduce the role of the state as shareholder and the special approaches this requires, as well as provide an overview of practices in Moldova.

**Dmitriy Larionov** | Consultant, CFRR, World Bank

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### 17:00 End of Day 1

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## AGENDA | DAY 2

### 13:30 Session 3. Board Role in Corporate Governance

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Key topics will include an outline of directors' duties, responsibilities, and liabilities. The session will examine the need to balance director and board focus between performance and conformance in corporate governance and to distinguish directorship/board responsibilities from: (i) political interference and influence; and (ii) responsibilities of management. The session will also examine board composition, leadership attributes, board structure, and board committees and how they work together for effective decision-making. The session will highlight areas of focus to bring current corporate governance practices in Moldova closer to good international practice.

**Dmitriy Larionov** | Consultant, CFRR, World Bank

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### 15:00 Coffee Break

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### 15:30 Session 4. Board Policies and Procedures to Promote Good Corporate Governance

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This session will examine board nomination, election, appointment, induction, and succession, as well as board and CEO remuneration practices. It will also review board meeting good practices, and common pitfalls and challenges to be avoided where possible. In addition, the session will discuss how to recognize and avoid a dysfunctional board, and how to evaluate and improve board and director effectiveness.

**Seda Aroymak** | Senior Financial Management Specialist, CFRR, World Bank

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### 17:00 End of Day 2

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## AGENDA | DAY 3

08:30

### **Session 5. Role of the Board in Oversight of the Audit Process, the System of Internal Controls, and Compliance with Laws and Regulations**

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The objective of this session is to review boards' oversight roles in the audit process, systems of internal controls, and compliance with laws and regulations. It also considers the purpose, key functions, and responsibilities of an audit committee including its composition, interaction with the statutory auditors, and understanding of the independent auditor's reports. It will give also the audience a overview of the board's role in oversight of the financial reporting process and the emerging trend in corporate social responsibility reporting. It also reviews the level of SOEs disclosure and transparency, as well as examples of current board practices for overseeing audit, internal controls systems, and compliance with laws and regulations in Moldova.

**Dmitriy Larionov** | Consultant, CFRR, World Bank

**Svetlana Platon** | Consultant, CFRR, World Bank

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10:10

Coffee Break

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10:30

### **Session 6. Role of the Board in Strategy and Risk**

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During this session participants will examine strategic planning frameworks and techniques, strategic analysis, and the roles of board and management in development of strategy. They will deepen understandings of monitoring the achievement of strategy. The session will also examine risk issues that may cause a company to fail to achieve its strategies and objectives, and the board role in risk oversight and best practices for risk management.

**Dmitriy Larionov** | Consultant, CFRR, World Bank

**Seda Aroymak** | Senior Financial Management Specialist, CFRR, World Bank

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11:45

### **Closing remarks**

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**Andrei Busuioc** | Senior Financial Management Specialist, CFRR, World Bank

**Viorica Pricop** | State Secretary, Ministry of Finance

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12:00

End of the Workshop

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## BIO OF SPEAKERS



### **DMITRIY LARIONOV**

Consultant, CFRR, World Bank

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Mr. Dmitriy Larionov has served as a board member of major state-owned companies in Kazakhstan for more than 25 years in total. Mr. Larionov is currently an independent director of JSC Air Astana (from 2008), JSC National company Astana EXPO-2017 (from 2013), JSC Real Estate Fund Samruk Kazyna (from 2017). He has also been an independent director of JSC Kazakhtelecom (2008-2015) and JSC National company Kazakhstan Engineering (2015-2017). Over the last sixteen years, Mr. Larionov has served as a consultant on several projects on accountancy and corporate governance in Central Asia for the World Bank, ADB and USAID. As the International liaison and IFRS technical partner, Mr. Larionov has been in charge of the international auditing and consultancy engagements at BDO Kazakhstanaudit LLP (2005-2015). Mr. Larionov contributed to the development of local and international professional community while serving as a Deputy Chair of the Chamber of Professional Accountants of Kazakhstan (2003-2010) and a member of the Developing Nations Committee of IFAC (2008-2010). Mr. Larionov is currently a member of the Consultative Board on Accounting and Auditing under the Ministry of Finance of Kazakhstan. Mr. Larionov is a holder of an MBA in Finance and Accounting and currently is a DBA student at the KIMEP University. Mr. Larionov holds the Diploma in Company Direction (Dip IoD) from the UK Institute of Directors and is a Certified Corporate Governance Director (CCGD), Kazakhstan Independent Directors Association. He has also successfully completed the Executive Education corporate governance program at Harvard Business School.



### **ANDREI BUSUIOC**

Senior Financial Management Specialist, CFRR, World Bank

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Andrei Busuioc has over 20 years of experience in the accounting and auditing area in both, the private and public sectors, as well as in lecturing accounting and auditing in university. He joined the World Bank Centre for Financial Reporting Reform (CFRR) in Vienna, Austria, in 2008 and was responsible for various countries' financial reporting reforms agenda, was part of Accounting and auditing ROSCs teams, and thematic area of audit regulation and State-owned Enterprises (SOEs) governance.

Prior to joining the CFRR, Andrei worked in the World Bank Country Office in Moldova as a Financial Management Specialist, covering fiduciary activities, public finance management



development, and corporate financial reporting development. He is an accountant by training, and a member of the UK Association of Chartered Certified Accountants (ACCA). Andrei holds a university degree in economics from the Moldova State Agricultural University, and a Ph.D. in economics from the Academy of Economic Studies of Moldova.

He also holds a postgraduate diploma in public financial management from the Centre for Financial and Management Studies, University of London. He speaks Romanian, Russian, English, as well as basic Bulgarian and German.



### **OXANA DRUTA**

Financial Management Specialist, World Bank

Oxana Druta is a Chartered Public Finance Accountant with 17 years of experience both in the private and public sector, and at the World Bank. She is currently working as a Financial Management Specialist in World Bank Country Office in Moldova covering project fiduciary activities, public finance management development, and corporate financial reporting development. She also covered provisionally the Bank's portfolio in Ukraine and Romania, and offered cross-support in countries like Armenia, Azerbaijan, Georgia, Kyrgyz Republic, and Uzbekistan.

Prior to joining the Bank Oxana worked as Financial Specialist in banking sector and in various sectoral project units implementing World Bank projects. She holds university degree in economics and Master's Degree in Bank and Financial Administration from the Academy of Economic Studies of Moldova.



### **SEDA AROYMAK**

Senior Financial Management Specialist, CFRR, World Bank

Seda Aroymak is a Certified Public Accountant with 29 years of experience both in the private sector and at the World Bank. She is currently working as a Financial Management Sector Leader for ECCEU and ECCTR countries which include Turkey, Romania, Poland and Croatia. She is also the Senior Financial Management Specialist in Ankara Turkey Office overseeing a portfolio of sectoral, multi sectoral and regional projects.

During her career at the World Bank she has pursued sector dialogue and provided policy advice on several areas of public financial management including State Owned Enterprises corporate governance, decentralization, local government financial management as well as strategic planning, budgeting, accounting, internal controls and external auditing.

She is an accountant by profession and she was a senior manager at Deloitte before joining the World Bank.



**SVETLANA PLATON**

Consultant, CFRR, World Bank

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Svetlana is a consultant with the World Bank Center for Corporate Financial Reporting Reform (CFRR). She provides technical assistance with the implementation of the Strengthening Auditing and Reporting in the Countries of the Eastern Partnership (STAREP) program activities at regional and national levels.

Svetlana has over 18 years of experience in accounting and auditing in both the private and public sectors, including university lecturing. She has worked with the World Bank since June 2006 in a range of roles including as financial management and accounting consultant for the consolidated management unit implementing agricultural and environmental projects in Moldova. Between 2010-2013 Svetlana was actively involved in delivering replication events in Moldova under the Road to Europe: Program of Accounting Reform and Institutional Strengthening (REPARIS). She has been part of Accounting and Auditing Reports on the Observance of Standards and Codes (ROSC) teams for Moldova and Slovenia.

Svetlana is a graduate of the Academy of Economic Studies of Moldova, Faculty of Accounting and Auditing with Bachelor's and Master's degrees and PhD diploma in economics. She is currently nearing completion of the ACCA Professional Scheme Qualification.

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