

Draft TC ABSTRACT**Management and Innovation in State-Owned Enterprises (SOEs) in Korea and Latin American countries
RG-T2394****I. Basic Information of the TC**

Country/Region:	Regional
TC Name:	Management and Innovation in State-Owned Enterprises (SOEs) in Korea and Latin American countries
Number:	RG-T2394
Associated Loan/Guarantee Name:	n/a
Associated Loan/Guarantee Name:	n/a
Team Leader/Members:	Jorge Kaufmann (IFD/ICS), Team Leader; Jorge von Horoch (IFD/ICS), Mariano Lafuente (IFD/ICS), Roberto Garcia Lopez (IFD/ICS), María Inés Vasquez (IFD/ICS), Seongbak Wi (IFD/FMM), Gustavo Garcia (IFD/FMM), Alan Giron (IFD/ICS)
Indicate if: Operational Support, Client Support or Research & Dissemination	R & D
Date of TC Abstract:	July 2013
Donors providing funding:	Korea Public Capacity Building Fund
Beneficiary (countries or entities which are the recipients of the technical assistance):	All Latin American and the Caribbean Countries
Executing Agency and contact name	IFD/ICS – Jorge Kaufmann
IDB Funding Requested:	US\$150,000
Local counterpart funding, if any:	US\$118,000 (plus US\$40,000 CoPLAC-MfDR)
Disbursement period:	12 months
Required start date:	September 2013
Types of consultants:	Individual consultants
Prepared by Unit:	Institutional Capacity of the State Division (IFD/ICS)
Unit of Disbursement Responsibility:	IFD/ICS
TC Included in Country Strategy (y/n)::	n/a
TC included in CPD (y/n):	n/a
▪ GCI-9 Sector Priority:	Yes

II. Objectives and Justification of the TC

On December 2012, the Ministry of Strategy and Finance of Korea (MOSF) and the Inter-American Development Bank (IDB) co-hosted two international forums to discuss policies and reforms regarding State-Owned Enterprises (SOEs) management.¹ The first forum was held at IDB headquarters in Washington DC, and the second, at the National Center of Strategic Planning of Peru (CEPLAN) in Lima, Peru. As a result, the IDB and the MOSF reached an agreement to establish a framework for continuous cooperation between Latin American countries and Korea in order to enhance the performance of SOEs.

¹ International Forums: Better Development Results through Public Enterprises. Washington DC, USA, December 6th 2012; and Lima, Peru – December 9th 2012.

The **purpose** of this TC is to lay the foundation of a permanent dialogue on Management and Innovation in SOEs, beginning with a conference in Seoul, Korea in November 2013, that brings together Korea and Latin American countries to discuss these important topics. The objective of the conference is to host an exchange of knowledge and experiences on SOEs policies and reform cases among the participants. The conference will feature seminars on SOEs' management and reform processes which will be conducted with the participation of government and SOEs officials from Latin American countries and Korea, as well as some IDB staff.

Latin American countries have also taken a great interest in the reform of SOEs. One of the most difficult tasks for government officials in charge of SOE's oversight and related policies is finding the appropriate success factors that can enhance SOEs' management performance. Therefore, factors such as ownership function, corporate governance, accountability and transparency in SOEs will be some of the seminar's main agenda topics. Each country will be able to share and to compare its systems with those of other countries.

Meanwhile, the importance of financial risk management, which is being highlighted in the public and private sectors recently, cannot be overstated. The MOSF has recently implemented a mid-term financial management plan in order to identify financial risks for SOEs and secure mid-term fiscal soundness. At the conference, the MOSF will share the current status of its mid-term financial management plan and discuss how to improve financial management methods with Latin American countries.

Additionally, the conference will focus on management and monitoring and evaluation (M&E) systems for SOEs, which guarantees improving the performance by examining organizational and financial issues, and the degree of target achievements of SOEs, respectively. The MOSF will support the reform of SOEs in Latin American countries by sharing its management and M&E systems.

The preliminary conference agenda items are as follows:

(i) Institutional aspects: Ownership function and Corporate governance, (ii) Business Performance, Monitoring & Evaluation and Management systems, (iii) Market Regulation and Private Sector participation, (iv) Business Innovation & Overseas Investment, (v) SOEs and their role in the country Development process, (vi) SOE Accountability, Control and Transparency Systems, and (vii) SOE Fiscal Risk & Debt Management.

III. Description of Activities/components and budget

Component 1. Promoting dialogue and sharing experiences: The TC will support activities necessary for the operation of the Seoul conference; for example: per diem, air fare tickets, hotel accommodations, conference rooms, translations, etc.; and other operational and non-operational activities that facilitate the dialogue and information exchange.

Component 2. Knowledge dissemination: The TC will fund a joint publication that, based on the presentations and the discussions, develops the conclusions of the conference and lay out an agenda to improve SOEs management and performance in Latin-American countries. This publication will be also a tool for government officials from participating countries to share their knowledge and experiences in the region and beyond.

IV. Budget (US\$)

The total cost of the TC is US\$308,000 of which this funding request will finance US\$150,000; IDB CoPLAC-MfDR \$40,000 and the MOFS \$118,000. The MOSF's contribution will be in-kind.

Activity/Component	Description	IDB CoPLAC-MfDR	IDB Funding request	Counterpart Funding (MOSF)	Total
1. Promoting dialogue and sharing experiences	Conference	40,000	100,000	118,000	258,000
	a) Event Support		15,000	98,000	113,000
	b) Participants cost from LAC countries and IDB.	40,000	55,000	20,000	115,000
	c) Other		30,000		30,000
2. Knowledge dissemination	Joint publication		50,000		50,000
Total		40,000	150,000	118,000	308,000

V. Executing agency and execution structure

The Bank, through the Institutional Capacity of the State Division, will execute the TC in close coordination with MOSF. Over the past year IFD/ICS and MOSF have been working together to further their mutual interest in building institutional capacity in the LAC region. The Bank will execute the budget to finance the participation of the LAC participants according to local arrangements made by MOSF.

VI. Project Risks and Issues

The potential risk that could affect the implementation of this operation is a low participation of the LAC invitees in the seminar in Korea. As a mitigation measure, the Bank will encourage participation by extending invitations to the countries well in advance.

VII. Exceptions to Bank policy

There are no exceptions to Bank policy.

VIII. Environmental and Social Classification

There are no foreseen environmental or social risks associated with the execution of this program. According to the Environment and Safeguards Compliance Policy (OP-703), the TC is classified as "C." [IDBDOCS-#37937952](#)